Sen. James T. Meeks

Filed: 3/5/2009

AMENDMENT TO SENATE BILL 750

AMENDMENT NO. ______. Amend Senate Bill 750 by replacing everything after the enacting clause with the following:

"Section 5. The State Finance Act is amended by adding Sections 5.719, 5.720, 5.721, 6z-76, and 6z-77 as follows:

(30 ILCS 105/5.719 new)

Sec. 5.719. The Education Financial Award System Fund.

(30 ILCS 105/5.720 new)

Sec. 5.720. The Digital Learning Technology Grant Fund.

(30 ILCS 105/5.721 new)

Sec. 5.721. The STEM Education Center Grant Fund.

(30 ILCS 105/6z-76 new)

Sec. 6z-76. The Invest in Illinois Fund.

(a) The Invest in Illinois Fund is intended to benefit the people of the State of Illinois by creating a specific revenue source to fund capital programs for infrastructure that will support economic growth, education, transportation, tourism, and other capital needs generated by demographic changes (such as but not limited to the aging of the population) across the State.

(b) The Invest in Illinois Fund is created as a special fund in the State treasury. All interest earned on moneys in the Fund shall be deposited into the Fund. The Invest in Illinois Fund shall not be subject to sweeps, administrative charges, or chargebacks, such as but not limited to those authorized under Section 8h, or any other fiscal or budgetary maneuver that would in any way result in the transfer of any amounts from the Invest in Illinois Fund to any other fund of the State, or having any of those amounts used for any purpose other than funding the cost of issuance, interest, fees, principal payments, and other debt service on Invest in Illinois Bonds, as that term is defined in subsection (d) of this Section.

(c) Beginning in fiscal year 2010, the State Treasurer and the State Comptroller shall transfer $500,000,000 from the General Revenue Fund to the Invest in Illinois Fund. For Fiscal Year 2011 the State Treasurer and the State Comptroller shall transfer $1,000,000,000 from the General Revenue Fund to the Invest in Illinois Fund. For Fiscal Year 2012 the State

Treasurer and the State Comptroller shall transfer $1,100,000,000 from the General Revenue Fund to the Invest in Illinois Fund, and for Fiscal Year 2013 and each Fiscal Year thereafter the State Comptroller and the State Treasurer shall transfer $1,200,000,000 from the General Revenue Fund to the Invest in Illinois Fund.

(d) "Invest in Illinois Bonds" means those bonds issued for the purposes enumerated in this Section, after receiving the recommendation of the Capital Strategy Board, as defined in this Section. The Capital Strategy Board (the "board") shall consist of 5 members, one appointed by the Governor, one appointed by the Speaker of the House, one appointed by the Minority Leader of the House, one appointed by the Senate President, and one appointed by the Minority Leader of the Senate. Each board member shall serve for a 4-year period, and shall have at least 5 years of relevant experience in public or private finance. The board shall recommend the issuance of Invest in Illinois Bonds to the General Assembly by a simple majority vote. No member of the board, nor any business in which a board member has an interest, nor any immediate familial relative, spouse, or in-law (father, mother, sister, brother, son, or daughter) of a board member, may have any financial interest in nor receive any remuneration (such as but not limited to a consulting, referral, legal, or banking fees) for any bond issued due to a recommendation of the board. The board shall gather information and hold public hearings regarding the need for capital facilities and infrastructure investments needed in Illinois for the acquisition, development, construction, reconstruction, maintenance, improvement, financing, architectural planning, and installation of capital facilities within the State, whether consisting of buildings, structures, vehicles for public transit, police or fire fighters, durable equipment, land, or interests in land, to be used for any of the following purposes: (i) transportation and transit, including but not limited to railroad, road, bridge, or airport construction and maintenance, public fleet acquisition, and associated building construction or maintenance; (ii) educational purposes for (A) State universities and colleges, (B) the Illinois Community College Board created by the Public Community College Act for grants to public community Colleges authorized under Sections 5-11 and 5-12 of the Public Community College Act, (C) local K-12 school districts for school building maintenance, renovation, and construction for all grades, including but not limited to pre-school; (iii) childcare, mental health, and public health facilities and facilities for the care of veterans and their spouses; (iv) correctional purposes at State prison and correctional centers; (v) open spaces, recreational and conservation purposes, environmental protection purposes, and protection of the land, air, or water; (vi) for use by the State, its departments, authorities, public corporations, commissions, and agencies; (vii) for grants by the Secretary of

State as State Librarian for central library facilities authorized by Section 8 of the Illinois Library System Act, and for grants by the Capital Development Board to units of local government for public library facilities; and (viii) for capital facilities consisting of buildings, structures, roads, bridges, healthcare facilities, police and fire stations and equipment, other durable equipment, and land grants to counties and municipalities. The board shall recommend a capital investment plan for the issuance of Invest in Illinois Bonds covering the needs of the entire State, taking into account the status of existing infrastructure, demographic changes, regional needs, sprawl, economic development for distressed communities, educational priorities, public safety, environmental protection, minority participation, and such other matters as are relevant to devising a strategic and equitable approach to capital planning. Within 12 months after being appointed, the board shall make its initial recommendations to the General Assembly for bonds financed under this Act to be issued in a strategic fashion across Illinois. No such bonds may be issued, however, without approval by the requisite vote of the General Assembly, and concomitant authority for the issuance of the applicable general obligation bond amounts, under the relevant provisions of the General Obligation Bond Act.

(30 ILCS 105/6z-77 new)

Sec. 6z-77. The Higher Education Operating Assistance Fund.

(a) The Higher Education Operating Assistance Fund is created as a special fund in the State treasury. Moneys in the Fund may be used only for the purposes set forth in this Section. All interest earned on moneys in the Fund must be deposited into the Fund. The Higher Education Operating Assistance Fund shall not be subject to sweeps, administrative charges, or charge backs, such as but not limited to those authorized under Section 8h, or any other fiscal or budgetary maneuver that would in any way transfer any funds from the Higher Education Operating Assistance Fund into any other fund of the State.

(b) The General Assembly must transfer from the General Revenue Fund to the Higher Education Operating Assistance Fund, the following amounts: (i) in fiscal year 2010, $300,000,000.00; (ii) in each fiscal year after fiscal year 2010, the sum of the total amount appropriated to the Higher Education Operating Assistance Fund in the immediately preceding fiscal year, plus the amount equal to (1) the percentage increase in the Economic Cost Index for all Urban Consumers published by the federal Bureau of Labor Statistics for the then most recent, complete calendar year, multiplied by (2) the total amount appropriated to the Higher Education Operating Assistance Fund in the immediately preceding fiscal year.

(c) Subject to the conditions set forth in subsection (d), distributions from the Higher Education Operating Assistance Fund shall be as follows: (1) the General Assembly must appropriate 75% of all moneys in the Higher Education Operating Assistance Fund, including any balance from the prior year, to the Board of Higher Education for grants to State universities for their ordinary and contingent expenses; the grants under this item (1) must be distributed to each State university based upon each university's full time equivalent head count; and (2) the General Assembly must appropriate 25% of all moneys in the Higher Education Operating Assistance Fund, including any balance from the prior year, to the Illinois Community College Board for grants to community colleges for their ordinary and contingent expenses; the grants under this item (2) must be distributed to each community college based upon each community college's full time equivalent head count. For purposes of item (2), "full time equivalent head count" means the total number of undergraduate students enrolled in 12 or more semester hours or quarter hours of credit courses in any given semester or quarter.

(d) Distributions from the Higher Education Operating Assistance Fund shall not be used for any of the following: (1) executive management; executive level activities concerned with the overall management of, and long-range planning for, the entire university, including but not limited to activities such as policy formation and executive direction, the activities of any governing board, the chief executive officer, the senior executive officer, or legal activities conduced on behalf of the university; (2) financial management and operations, including but not limited to activities related to the day-to-day financial management and fiscal operations of the university and long-range financial planning and policy formulations; (3) general administrative and logistical services, including but not limited to general administrative operations and services of the university (with exception of financial operations and student records activities), such as administration of personnel programs, purchasing and maintenance of supplies and materials, management of facilities, and administrative computing support; (4) faculty and staff auxiliary services, including but not limited to non-academic related support services established primarily for faculty and staff, such as faculty lounges and cafeterias; (5) public relations and development, including but not limited to activities established to maintain relations with the local community, the university's alumni, governmental entities, and the public in general, as well as activities carried out to support institution-side fund raising and development efforts; (6) superintendence, including but not limited to activities necessary to carry out the duties of management and administration for all areas under the jurisdiction of the physical plant division of the university; (7) custodial, including but not limited to activities related to custodial services in building interiors; (8) grounds maintenance, including but not limited to operation and maintenance of campus landscape and grounds, which includes maintenance of roads and walkways, snow removal, maintenance of fences, retaining walls, and drainage ditches, and care of shrubs, trees, and grass; and (9) transportation, including but not limited to all charges related to the purchase, maintenance, and operation of motor vehicles, specifically for the use of the physical plant department.

(e) This amendatory Act of the 96th General Assembly constitutes an irrevocable and continuing appropriation (i) from the General Fund to the Higher Education Operating Assistance Fund and (ii) from the Higher Education Operating Assistance Fund to the Board of Higher Education and to the Illinois Community College Board in accordance with the provisions of this Section.

Section 10. The Illinois Income Tax Act is amended by changing Sections 201 and 208 and by adding Sections 202.5, 218, and 219 as follows:

(35 ILCS 5/201) (from Ch. 120, par. 2-201)

Sec. 201. Tax Imposed.

(a) In general. A tax measured by net income is hereby imposed on every individual, corporation, trust and estate for each taxable year ending after July 31, 1969 on the privilege of earning or receiving income in or as a resident of this State. Such tax shall be in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof.

(b) Rates. The tax imposed by subsection (a) of this Section shall be determined as follows, except as adjusted by subsection (d-1):

(1) In the case of an individual, trust or estate, for taxable years ending prior to July 1, 1989, an amount equal to 2 1/2% of the taxpayer's net income for the taxable year.

(2) In the case of an individual, trust or estate, for taxable years beginning prior to July 1, 1989 and ending after June 30, 1989, an amount equal to the sum of (i) 2 1/2% of the taxpayer's net income for the period prior to July 1, 1989, as calculated under Section 202.3, and (ii) 3% of the taxpayer's net income for the period after June 30, 1989, as calculated under Section 202.3.

(3) In the case of an individual, trust or estate, for taxable years beginning after June 30, 1989 and ending before January 1, 2010, an amount equal to 3% of the taxpayer's net income for the taxable year.

(4) In the case of an individual, trust, or estate, for taxable years beginning prior to January 1, 2010 and ending after December 31, 2009, an amount equal to the sum of (i) 3% of the taxpayer's net income for the period prior to

January 1, 2010, as calculated under Section 202.5, and (ii) 5% of the taxpayer's net income for the period after December 31, 2009, as calculated under Section 202.5. ~~(Blank).~~

(5) In the case of an individual, trust ,or estate, for taxable years beginning on or after January 1, 2010, an amount equal to 5% of the taxpayer's net income for the taxable year. ~~(Blank).~~

(6) In the case of a corporation, for taxable years ending prior to July 1, 1989, an amount equal to 4% of the taxpayer's net income for the taxable year.

(7) In the case of a corporation, for taxable years beginning prior to July 1, 1989 and ending after June 30, 1989, an amount equal to the sum of (i) 4% of the taxpayer's net income for the period prior to July 1, 1989, as calculated under Section 202.3, and (ii) 4.8% of the taxpayer's net income for the period after June 30, 1989, as calculated under Section 202.3.

(8) In the case of a corporation, for taxable years beginning after June 30, 1989 and ending before January 1, 2010, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

(9) In the case of a corporation, for taxable years beginning prior to January 1, 2010 and ending after December 31, 2009, an amount equal to the sum of (i) 4.8% of the taxpayer's net income for the period prior to

January 1, 2010, as calculated under Section 202.5, and (ii) 8% of the taxpayer's net income for the period after December 31, 2009, as calculated under Section 202.5.

(10) In the case of a corporation, for taxable years beginning on or after January 1, 2010, an amount equal to 8% of the taxpayer's net income for the taxable year.

(c) Personal Property Tax Replacement Income Tax. Beginning on July 1, 1979 and thereafter, in addition to such income tax, there is also hereby imposed the Personal Property Tax Replacement Income Tax measured by net income on every corporation (including Subchapter S corporations), partnership and trust, for each taxable year ending after June 30, 1979. Such taxes are imposed on the privilege of earning or receiving income in or as a resident of this State. The Personal Property Tax Replacement Income Tax shall be in addition to the income tax imposed by subsections (a) and (b) of this Section and in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof.

(d) Additional Personal Property Tax Replacement Income Tax Rates. The personal property tax replacement income tax imposed by this subsection and subsection (c) of this Section in the case of a corporation, other than a Subchapter S corporation and except as adjusted by subsection (d-1), shall be an additional amount equal to 2.85% of such taxpayer's net income for the taxable year, except that beginning on January

1, 1981, and thereafter, the rate of 2.85% specified in this subsection shall be reduced to 2.5%, and in the case of a partnership, trust or a Subchapter S corporation shall be an additional amount equal to 1.5% of such taxpayer's net income for the taxable year.

(d-1) Rate reduction for certain foreign insurers. In the case of a foreign insurer, as defined by Section 35A-5 of the Illinois Insurance Code, whose state or country of domicile imposes on insurers domiciled in Illinois a retaliatory tax (excluding any insurer whose premiums from reinsurance assumed are 50% or more of its total insurance premiums as determined under paragraph (2) of subsection (b) of Section 304, except that for purposes of this determination premiums from reinsurance do not include premiums from inter-affiliate reinsurance arrangements), beginning with taxable years ending on or after December 31, 1999, the sum of the rates of tax imposed by subsections (b) and (d) shall be reduced (but not increased) to the rate at which the total amount of tax imposed under this Act, net of all credits allowed under this Act, shall equal (i) the total amount of tax that would be imposed on the foreign insurer's net income allocable to Illinois for the taxable year by such foreign insurer's state or country of domicile if that net income were subject to all income taxes and taxes measured by net income imposed by such foreign insurer's state or country of domicile, net of all credits allowed or (ii) a rate of zero if no such tax is imposed on such income by the foreign insurer's state of domicile. For the purposes of this subsection (d-1), an inter-affiliate includes a mutual insurer under common management.

(1) For the purposes of subsection (d-1), in no event shall the sum of the rates of tax imposed by subsections (b) and (d) be reduced below the rate at which the sum of:

(A) the total amount of tax imposed on such foreign insurer under this Act for a taxable year, net of all credits allowed under this Act, plus

(B) the privilege tax imposed by Section 409 of the Illinois Insurance Code, the fire insurance company tax imposed by Section 12 of the Fire Investigation Act, and the fire department taxes imposed under Section 11-10-1 of the Illinois Municipal Code,

equals 1.25% for taxable years ending prior to December 31, 2003, or 1.75% for taxable years ending on or after December 31, 2003, of the net taxable premiums written for the taxable year, as described by subsection (1) of Section 409 of the Illinois Insurance Code. This paragraph will in no event increase the rates imposed under subsections (b) and (d).

(2) Any reduction in the rates of tax imposed by this subsection shall be applied first against the rates imposed by subsection (b) and only after the tax imposed by subsection (a) net of all credits allowed under this Section other than the credit allowed under subsection (i)

has been reduced to zero, against the rates imposed by subsection (d).

This subsection (d-1) is exempt from the provisions of Section 250.

(e) Investment credit. A taxpayer shall be allowed a credit against the Personal Property Tax Replacement Income Tax for investment in qualified property.

(1) A taxpayer shall be allowed a credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1984. There shall be allowed an additional credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1986, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. The provisions added to this Section by Public Act 85-1200 (and restored by Public Act 87-895) shall be construed as declaratory of existing law and not as a new enactment. If, in any year, the increase in base employment within Illinois over the

preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is .5% and the denominator of which is 1%, but shall not exceed .5%. The investment credit shall not be allowed to the extent that it would reduce a taxpayer's liability in any tax year below zero, nor may any credit for qualified property be allowed for any year other than the year in which the property was placed in service in Illinois. For tax years ending on or after December 31, 1987, and on or before December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years if the taxpayer (i) makes investments which cause the creation of a minimum of 2,000 full-time equivalent jobs in Illinois, (ii) is located in an enterprise zone established pursuant to the Illinois Enterprise Zone Act and (iii) is certified by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) as complying with the requirements specified in clause (i) and (ii) by July 1, 1986. The Department of Commerce and Community Affairs (now Department of Commerce and Economic

Opportunity) shall notify the Department of Revenue of all such certifications immediately. For tax years ending after December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

(2) The term "qualified property" means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings and signs that are real property, but not including land or improvements to real property that are not a structural component of a building such as landscaping, sewer lines, local access roads, fencing, parking lots, and other appurtenances;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (e);

(C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code;

(D) is used in Illinois by a taxpayer who is primarily engaged in manufacturing, or in mining coal or fluorite, or in retailing, or was placed in service on or after July 1, 2006 in a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act; and

(E) has not previously been used in Illinois in such a manner and by such a person as would qualify for the credit provided by this subsection (e) or subsection (f).

(3) For purposes of this subsection (e), "manufacturing" means the material staging and production of tangible personal property by procedures commonly regarded as manufacturing, processing, fabrication, or assembling which changes some existing material into new shapes, new qualities, or new combinations. For purposes of this subsection (e) the term "mining" shall have the same meaning as the term "mining" in Section 613(c) of the Internal Revenue Code. For purposes of this subsection (e), the term "retailing" means the sale of tangible personal property or services rendered in conjunction with the sale of tangible consumer goods or commodities.

(4) The basis of qualified property shall be the basis

used to compute the depreciation deduction for federal income tax purposes.

(5) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed in service in Illinois by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(6) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(7) If during any taxable year, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the Personal Property Tax Replacement Income Tax for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation and, (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (7), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(8) Unless the investment credit is extended by law,

the basis of qualified property shall not include costs incurred after December 31, 2008, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2008.

(9) Each taxable year ending before December 31, 2000, a partnership may elect to pass through to its partners the credits to which the partnership is entitled under this subsection (e) for the taxable year. A partner may use the credit allocated to him or her under this paragraph only against the tax imposed in subsections (c) and (d) of this Section. If the partnership makes that election, those credits shall be allocated among the partners in the partnership in accordance with the rules set forth in Section 704(b) of the Internal Revenue Code, and the rules promulgated under that Section, and the allocated amount of the credits shall be allowed to the partners for that taxable year. The partnership shall make this election on its Personal Property Tax Replacement Income Tax return for that taxable year. The election to pass through the credits shall be irrevocable.

For taxable years ending on or after December 31, 2000, a partner that qualifies its partnership for a subtraction under subparagraph (I) of paragraph (2) of subsection (d) of Section 203 or a shareholder that qualifies a Subchapter S corporation for a subtraction under subparagraph (S) of paragraph (2) of subsection (b) of Section 203 shall be allowed a credit under this subsection (e) equal to its share of the credit earned under this subsection (e) during the taxable year by the partnership or Subchapter S corporation, determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. This paragraph is exempt from the provisions of Section 250.

(f) Investment credit; Enterprise Zone; River Edge Redevelopment Zone.

(1) A taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service in an Enterprise Zone created pursuant to the Illinois Enterprise Zone Act or, for property placed in service on or after July 1, 2006, a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (f) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. The credit shall be .5% of the basis for such property. The credit

shall be available only in the taxable year in which the property is placed in service in the Enterprise Zone or River Edge Redevelopment Zone and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1985, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

(2) The term qualified property means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (f);

(C) is acquired by purchase as defined in Section

179(d) of the Internal Revenue Code;

(D) is used in the Enterprise Zone or River Edge Redevelopment Zone by the taxpayer; and

(E) has not been previously used in Illinois in such a manner and by such a person as would qualify for the credit provided by this subsection (f) or subsection (e).

(3) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(4) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed in service in the Enterprise Zone or River Edge Redevelopment Zone by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(5) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(6) If during any taxable year, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside the Enterprise Zone or River Edge Redevelopment Zone within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i)

recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(7) There shall be allowed an additional credit equal to 0.5% of the basis of qualified property placed in service during the taxable year in a River Edge Redevelopment Zone, provided such property is placed in service on or after July 1, 2006, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is 0.5% and the denominator of which is 1%, but shall not exceed 0.5%.

(g) Jobs Tax Credit; Enterprise Zone, River Edge Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

(1) A taxpayer conducting a trade or business in an enterprise zone or a High Impact Business designated by the Department of Commerce and Economic Opportunity or for taxable years ending on or after December 31, 2006, in a River Edge Redevelopment Zone conducting a trade or business in a federally designated Foreign Trade Zone or Sub-Zone shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section in the amount of $500 per eligible employee hired to work in the zone during the taxable year.

(2) To qualify for the credit:

(A) the taxpayer must hire 5 or more eligible employees to work in an enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone during the taxable year;

(B) the taxpayer's total employment within the enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone must increase by 5 or more full-time employees beyond the total employed in that zone at the end of the previous tax year for which a jobs tax credit under this Section was taken, or beyond the total employed by the taxpayer as of December 31, 1985, whichever is later; and

(C) the eligible employees must be employed 180 consecutive days in order to be deemed hired for purposes of this subsection.

(3) An "eligible employee" means an employee who is:

(A) Certified by the Department of Commerce and Economic Opportunity as "eligible for services" pursuant to regulations promulgated in accordance with Title II of the Job Training Partnership Act, Training Services for the Disadvantaged or Title III of the Job Training Partnership Act, Employment and Training Assistance for Dislocated Workers Program.

(B) Hired after the enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone was designated or the trade or business was located in that zone, whichever is later.

(C) Employed in the enterprise zone, River Edge Redevelopment Zone, or Foreign Trade Zone or Sub-Zone. An employee is employed in an enterprise zone or federally designated Foreign Trade Zone or Sub-Zone if his services are rendered there or it is the base of operations for the services performed.

(D) A full-time employee working 30 or more hours per week.

(4) For tax years ending on or after December 31, 1985 and prior to December 31, 1988, the credit shall be allowed for the tax year in which the eligible employees are hired.

For tax years ending on or after December 31, 1988, the credit shall be allowed for the tax year immediately following the tax year in which the eligible employees are hired. If the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

(5) The Department of Revenue shall promulgate such rules and regulations as may be deemed necessary to carry out the purposes of this subsection (g).

(6) The credit shall be available for eligible employees hired on or after January 1, 1986.

(h) Investment credit; High Impact Business.

(1) Subject to subsections (b) and (b-5) of Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service by a Department of Commerce and Economic Opportunity designated High Impact Business. The credit shall be .5% of the basis for such property. The credit shall not be available (i) until the

minimum investments in qualified property set forth in subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act have been satisfied or (ii) until the time authorized in subsection (b-5) of the Illinois Enterprise Zone Act for entities designated as High Impact Businesses under subdivisions (a)(3)(B), (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone Act, and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. The credit applicable to such investments shall be taken in the taxable year in which such investments have been completed. The credit for additional investments beyond the minimum investment by a designated high impact business authorized under subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act shall be available only in the taxable year in which the property is placed in service and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1987, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

Changes made in this subdivision (h)(1) by Public Act 88-670 restore changes made by Public Act 85-1182 and reflect existing law.

(2) The term qualified property means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (h);

(C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code; and

(D) is not eligible for the Enterprise Zone Investment Credit provided by subsection (f) of this Section.

(3) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(4) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed

in service in a federally designated Foreign Trade Zone or Sub-Zone located in Illinois by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(5) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(6) If during any taxable year ending on or before December 31, 1996, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(7) Beginning with tax years ending after December 31, 1996, if a taxpayer qualifies for the credit under this

subsection (h) and thereby is granted a tax abatement and the taxpayer relocates its entire facility in violation of the explicit terms and length of the contract under Section 18-183 of the Property Tax Code, the tax imposed under subsections (a) and (b) of this Section shall be increased for the taxable year in which the taxpayer relocated its facility by an amount equal to the amount of credit received by the taxpayer under this subsection (h).

(i) Credit for Personal Property Tax Replacement Income Tax. For tax years ending prior to December 31, 2003, a credit shall be allowed against the tax imposed by subsections (a) and (b) of this Section for the tax imposed by subsections (c) and (d) of this Section. This credit shall be computed by multiplying the tax imposed by subsections (c) and (d) of this Section by a fraction, the numerator of which is base income allocable to Illinois and the denominator of which is Illinois base income, and further multiplying the product by the tax rate imposed by subsections (a) and (b) of this Section.

Any credit earned on or after December 31, 1986 under this subsection which is unused in the year the credit is computed because it exceeds the tax liability imposed by subsections (a) and (b) for that year (whether it exceeds the original liability or the liability as later amended) may be carried forward and applied to the tax liability imposed by subsections (a) and (b) of the 5 taxable years following the excess credit year, provided that no credit may be carried forward to any year ending on or after December 31, 2003. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability the earliest credit arising under this subsection shall be applied first.

If, during any taxable year ending on or after December 31, 1986, the tax imposed by subsections (c) and (d) of this Section for which a taxpayer has claimed a credit under this subsection (i) is reduced, the amount of credit for such tax shall also be reduced. Such reduction shall be determined by recomputing the credit to take into account the reduced tax imposed by subsections (c) and (d). If any portion of the reduced amount of credit has been carried to a different taxable year, an amended return shall be filed for such taxable year to reduce the amount of credit claimed.

(j) Training expense credit. Beginning with tax years ending on or after December 31, 1986 and prior to December 31, 2003, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) under this Section for all amounts paid or accrued, on behalf of all persons employed by the taxpayer in Illinois or Illinois residents employed outside of Illinois by a taxpayer, for educational or vocational training in semi-technical or technical fields or semi-skilled or skilled fields, which were deducted from gross income in the computation of taxable income. The credit against the tax imposed by subsections (a) and (b) shall be 1.6% of such training expenses. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (j) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

Any credit allowed under this subsection which is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first computed until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability the earliest credit arising under this subsection shall be applied first. No carryforward credit may be claimed in any tax year ending on or after December 31, 2003.

(k) Research and development credit.

For tax years ending after July 1, 1990 and prior to December 31, 2003, and beginning again for tax years ending on or after December 31, 2004, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for increasing research activities in this State. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 6 1/2% of the qualifying expenditures for increasing research activities in this State. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

For purposes of this subsection, "qualifying expenditures" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under Section 41 of the Internal Revenue Code and which are conducted in this State, "qualifying expenditures for increasing research activities in this State" means the excess of qualifying expenditures for the taxable year in which incurred over qualifying expenditures for the base period, "qualifying expenditures for the base period" means the average of the qualifying expenditures for each year in the base period, and "base period" means the 3 taxable years immediately preceding the taxable year for which the determination is being made.

Any credit in excess of the tax liability for the taxable year may be carried forward. A taxpayer may elect to have the unused credit shown on its final completed return carried over as a credit against the tax liability for the following 5 taxable years or until it has been fully used, whichever occurs first; provided that no credit earned in a tax year ending prior to December 31, 2003 may be carried forward to any year ending on or after December 31, 2003.

If an unused credit is carried forward to a given year from 2 or more earlier years, that credit arising in the earliest year will be applied first against the tax liability for the given year. If a tax liability for the given year still remains, the credit from the next earliest year will then be applied, and so on, until all credits have been used or no tax liability for the given year remains. Any remaining unused credit or credits then will be carried forward to the next following year in which a tax liability is incurred, except that no credit can be carried forward to a year which is more than 5 years after the year in which the expense for which the credit is given was incurred.

No inference shall be drawn from this amendatory Act of the 91st General Assembly in construing this Section for taxable years beginning before January 1, 1999.

(l) Environmental Remediation Tax Credit.

(i) For tax years ending after December 31, 1997 and on or before December 31, 2001, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14 of the Environmental Protection Act that were paid in performing environmental remediation at a site for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. After the Pollution Control Board rules are adopted pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act, determinations as to credit availability for purposes of this Section shall be made consistent with those rules. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of

Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of $100,000 per site, except that the $100,000 threshold shall not apply to any site contained in an enterprise zone as determined by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity). The total credit allowed shall not exceed $40,000 per year with a maximum total of $150,000 per site. For partners and shareholders of subchapter S corporations, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. The term "unused credit" does not include any amounts of unreimbursed eligible remediation costs in excess of the maximum credit per site authorized under paragraph (i). This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of the sale. In no event may a credit be transferred to any taxpayer if the taxpayer or a related party would not be eligible under the provisions of subsection (i).

(iii) For purposes of this Section, the term "site" shall have the same meaning as under Section 58.2 of the Environmental Protection Act.

(m) Education expense credit. Beginning with tax years ending after December 31, 1999, a taxpayer who is the custodian of one or more qualifying pupils shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for qualified education expenses incurred on behalf of the qualifying pupils. The credit shall be equal to 25% of qualified education expenses, but in no event may the total credit under this subsection claimed by a family that is the custodian of qualifying pupils exceed $500. In no event shall a credit under this subsection reduce the taxpayer's liability under this Act to less than zero. This subsection is exempt from the provisions of Section 250 of this Act.

For purposes of this subsection:

"Qualifying pupils" means individuals who (i) are residents of the State of Illinois, (ii) are under the age of 21 at the close of the school year for which a credit is sought, and (iii) during the school year for which a credit is sought were full-time pupils enrolled in a kindergarten through twelfth grade education program at any school, as defined in this subsection.

"Qualified education expense" means the amount incurred on behalf of a qualifying pupil in excess of $250 for tuition, book fees, and lab fees at the school in which the pupil is enrolled during the regular school year.

"School" means any public or nonpublic elementary or secondary school in Illinois that is in compliance with Title VI of the Civil Rights Act of 1964 and attendance at which satisfies the requirements of Section 26-1 of the School Code, except that nothing shall be construed to require a child to attend any particular public or nonpublic school to qualify for the credit under this Section.

"Custodian" means, with respect to qualifying pupils, an Illinois resident who is a parent, the parents, a legal guardian, or the legal guardians of the qualifying pupils.

(n) River Edge Redevelopment Zone site remediation tax credit.

(i) For tax years ending on or after December 31, 2006, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14a of the Environmental Protection Act that were paid in performing environmental remediation at a site within a River Edge Redevelopment Zone for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. Determinations as to credit availability for purposes of this Section shall be made consistent with rules adopted by the Pollution Control Board pursuant to the Illinois Administrative Procedure

Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of $100,000 per site.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of the sale. In no event may a credit be transferred to any taxpayer if the taxpayer or a related party would not be eligible under the provisions of subsection (i).

(iii) For purposes of this Section, the term "site" shall have the same meaning as under Section 58.2 of the Environmental Protection Act.

(iv) This subsection is exempt from the provisions of Section 250.

(Source: P.A. 94-1021, eff. 7-12-06; 95-454, eff. 8-27-07.)

(35 ILCS 5/202.5 new)

Sec. 202.5. Net income attributable to the period prior to January 1, 2010 and net income attributable to the period after December 31, 2009.

(a) In general. With respect to the taxable year of a taxpayer beginning prior to January 1, 2010 and ending after December 31, 2009, net income for the period after December 31, 2009 is that amount that bears the same ratio to the taxpayer's net income for the entire taxable year as the number of days in that year after December 31, 2009 bears to the total number of days in that year, and the net income for the period prior to

January 1, 2010 is that amount that bears the same ratio to the taxpayer's net income for the entire taxable year as the number of days in that year prior to January 1, 2010 bears to the total number of days in that year.

(b) Election to attribute income and deduction items specifically to the respective portions of a taxable year prior to January 1, 2010 and after December 31, 2009. In the case of a taxpayer with a taxable year beginning prior to January 1, 2010 and ending after December 31, 2009, the taxpayer may elect, instead of the procedure established in subsection (a) of this Section, to determine net income on a specific accounting basis for the 2 portions of his or her taxable year:

(i) from the beginning of the taxable year through December 31, 2009; and

(ii) from January 1, 2010 through the end of the taxable year.

If the taxpayer elects specific accounting under this subsection, there shall be taken into account in computing base income for each of the 2 portions of the taxable year only those items earned, received, paid, incurred or accrued in each such period. The standard exemption provided by Section 204 must be divided between the respective periods in amounts that bear the same ratio to the total exemption allowable under Section 204 (determined without regard to this Section) as the total number of days in each such period bears to the total number of days in the taxable year. The election provided by this subsection must be made in form and manner that the Department requires by rule, but must be made no later than the due date (including any extensions thereof) for the filing of the return for the taxable year, and is irrevocable.

(35 ILCS 5/208) (from Ch. 120, par. 2-208)

Sec. 208. Tax credit for residential real property taxes. Beginning with tax years ending on or after December 31, 1991 and before January 1, 2010, every individual taxpayer shall be entitled to a tax credit equal to 5% of real property taxes paid by such taxpayer during the taxable year on the principal residence of the taxpayer. In the case of multi-unit or multi-use structures and farm dwellings, the taxes on the taxpayer's principal residence shall be that portion of the total taxes which is attributable to such principal residence.

For tax years beginning on January 1, 2010 and thereafter, every individual, trust, estate, and corporate taxpayer shall be entitled to a tax credit equal to 10% of real property taxes paid by the taxpayer during the taxable year on real property situated within the State. In the case of multi-unit or multi-use structures, the taxes on the taxpayer's principal residence shall be that portion of the total taxes that is attributable to the principal residence. The credit under this Section may not be carried forward or back. If the amount of the credit exceeds the income tax liability for the applicable tax year, then the excess credit must be refunded to the taxpayer. However, a refund under this Section may not exceed $1,000. This Section is exempt from the provisions of Section 250 of this Act.

(Source: P.A. 87-17.)

(35 ILCS 5/218 new)

Sec. 218. Family Tax Credit.

(a) For taxable years beginning on or after January 1, 2010, each individual taxpayer filing single or as a married person filing separately that reports total annual income of less than $27,652 (the "eligibility cap for single and married filing separately") or is a married couple filing jointly or an individual filing as head of household that reports total annual income of less than $55,304 (the "eligibility cap for married filing jointly and head of household"), is entitled to a credit against the tax imposed under subsections (a) and (b) of Section 201 of this Act for each dependent and personal exemption he or she is entitled to claim on his or her federal return under Section 151 of the Internal Revenue Code of 1986. The credit is known as the "Family Tax Credit" and shall be in those amounts per personal exemption and dependent that are identified in subsection (b) of this Section. The Family Tax Credit may be claimed only upon proper filing of an Illinois income tax return by an eligible taxpayer. The eligibility caps shall increase for each tax year beginning after December 31, 2010, by an amount equal to the percentage increase, if any, in the Consumer Price Index published by the U.S. Bureau of Labor Statistics for the immediately preceding complete calendar year, multiplied by the eligibility caps for that immediately preceding tax year.

(b) The amount of the credit is determined as follows:

(1) for a single taxpayer with a total annual income of:

(A) less than $17,136, the credit is $50;

(B) $17,136 or more but less than $19,419, the credit is $65;

(C) $19,420 or more but less than $19,420, the credit is $125;

(D) $19,420 or more but less than $21,705, the credit is $185; or

(E) $21,705 or more but less than $27,652, the credit is $248;

(2) for married taxpayers filing separately with a total annual income of:

(A) less than $11,424, the credit is $50;

(B) $11,424 or more but less than $14,280, the credit is $65;

(C) $14,280 or more but less than $17,136, the credit is $125;

(D) $17,136 or more but less than $20,563, the credit is $185; and

(E) $20,563 or more but less than $27,652, the credit is $248;

(3) for married taxpayers filing jointly with a total annual income of:

(A) less than $22,848, the credit is $50;

(B) $22,848 or more but less than $28,560, the credit is $65;

(C) $28,560 or more but less than $34,272, the credit is $125;

(D) $34,272 or more but less than $41,126, the credit is $185; and

(E) $41,126 or more but less than $55,304, the credit is $248; and

(4) for a taxpayer who is a head of household with a total annual income of:

(A) less than $22,848, the credit is $50;

(B) $22,848 or more but less than $28,560, the credit is $65;

(C) $28,560 or more but less than $34,272, the credit is $125;

(D) $34,272 or more but less than $41,126, the credit is $185; and

(E) $41,126 or more but less than $55,304, the credit is $248.

The dollar range of total annual income identified in the respective filing statuses and the credit per dependent/personal exemption amounts associated therewith, shall each increase in each tax year beginning after December 31, 2010, by an amount equal to the applicable percentage increase, if any, in the Consumer Price Index for the immediately preceding complete calendar year, multiplied by the applicable total annual income range amounts and the credit per dependent/personal exemption amounts associated therewith. The Department of Revenue shall update the total annual income range amounts and associated credit amounts for the Family Tax Credit annually and distribute the updated table with the Illinois personal income tax returns

(c) If the amount of the Family Tax Credit exceeds the income tax liability of an eligible taxpayer, the State shall refund to the taxpayer the difference between the Family Tax Credit and that eligible taxpayer's income tax liability.

(d) This Section is exempt from the provisions of Section 250 of this Act.

(35 ILCS 5/219 new)

Sec. 219. Residential rent credit. Each individual taxpayer paying rent on a principal residence located within the State is entitled to a credit, not to exceed $500, against the personal income tax imposed under this Act, in the amount of 5% of the annual rent paid by that taxpayer during the taxable year for the residence of the taxpayer. If the amount of the renter's credit exceeds the income tax liability of an eligible taxpayer, the State shall refund to that taxpayer the

<u>difference between the credit and income tax liability. This Section is exempt from the provisions of Section 250 of this Act.</u>

Section 15. The Retailers' Occupation Tax Act is amended by changing Sections 1 and 2 as follows:

(35 ILCS 120/1) (from Ch. 120, par. 440)

Sec. 1. Definitions. "Sale at retail" means any transfer of the ownership of or title to tangible personal property to a purchaser, for the purpose of use or consumption, and not for the purpose of resale in any form as tangible personal property to the extent not first subjected to a use for which it was purchased, for a valuable consideration: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or byproduct of manufacturing. For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced byproduct of manufacturing. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price shall be deemed to be sales.

"Sale at retail" shall be construed to include any transfer of the ownership of or title to tangible personal property to a purchaser, for use or consumption by any other person to whom such purchaser may transfer the tangible personal property without a valuable consideration, and to include any transfer, whether made for or without a valuable consideration, for resale in any form as tangible personal property unless made in compliance with Section 2c of this Act.

Sales of tangible personal property, which property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, goes into and forms a part of tangible personal property subsequently the subject of a "Sale at retail", are not sales at retail as defined in this Act: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or byproduct of manufacturing.

"Sale at retail" includes all of the following services, as enumerated in the North American Industry Classification System Manual (NAICS), 1997, prepared by the United States Office of Management and Budget:

(1) Specialized good warehousing and storage (4931902).

(2) Household goods warehousing and storage (4931901).

(3) Marinas (7131901).

(4) Travel arrangement reservation services (5615).

(5) Consumer electronics repair and maintenance (811211).

(6) Personal and household goods.

(7) Carpet and upholstery cleaning services (56174).

(8) Dating services (8129902).

(9) Hair, nail, and skin care (81211).

(10) Other personal services other than hair, nail, facial, or nonpermanent makeup services (81219).

(11) Dry cleaning and laundry, except coin-operated (81232).

(12) Consumer goods rental (5322).

(13) General goods rental (5323).

(14) Diet and weight reducing services (812191).

(15) Investigation services (561611).

(16) Bail bonding (8129901).

(17) Telephone answering services (561421).

(18) Photographic studios, portrait (541921).

(19) Linen supply (812331).

(20) Industrial launderers (812332).

(21) Interior design services (54141).

(22) Computer systems design and related services (5415).

(23) Credit bureaus (56145).

(24) Collection agencies (56144).

(25) Other business services, including copy shops (561439).

(26) Automotive repair and maintenance (8111).

(27) Parking lots and garages (81293).

(28) Motor vehicle towing (48841).

(29) Racetracks (711212).

(30) Amusement parks and arcades (7131).

(31) Bowling Centers (71395).

(32) Cable and other program distribution (51322).

(33) Circuses (7111901).

(34) Coin operated amusement devices, except slots (7139905).

(35) Golf courses and country clubs (71391).

(36) Fitness and recreational sports centers (711211).

(37) Sports teams and clubs (711211).

(38) Performing arts companies (7111).

(39) Miniature golf courses (7139904).

(40) Scenic and sightseeing transportation (487).

(41) Limousine services (48532).

(42) Unscheduled chartered passenger air transportation (481211).

(43) Motion picture theaters, except drive-in theaters (512131).

(44) Drive-in motion picture theaters (512132).

(45) Horse boarding and training (not race horses) (11521).

(46) Pet grooming (81291).

(47) Landscaping services (including lawn care) (56173).

(48) Carpentry, painting, plumbing and similar trades

(238).

(49) Construction service (grading, excavating, etc.) (23593).

(50) Water well drilling (23581).

(51) Income from intrastate transportation of persons (485).

(52) Automotive storage.

(53) Sewer and refuse, industrial (33132/562).

(54) Mini -storage (53113).

(55) Household goods storage (49311).

(56) Cold storage (49312).

(57) Marina Service (docking, storage, cleaning, repair) (71393).

(58) Marine towing service (incl. tugboats) (48833).

(59) Packing and crating (488991).

(60) Water (22131).

(61) Service charges of banking institutions (522).

(62) Investment counseling (52392/3).

(63) Income from funeral services (81221).

(64) Garment services (altering & repairing) (81149).

(65) Gift and package wrapping service (5619).

(66) Gift and package wrapping service(81231).

(67) Shoe repair (81143).

(68) Massage services (81299).

(69) Swimming pool cleaning & maintenance (56179).

(70) Tax return preparation (541213).

(71) Tuxedo rental (53222).

(72) Water softening and conditioning (56199).

(73) Armored car services (561613).

(74) Advertising agency fees (not ad placement) (54181).

(75) Commercial art and graphic design (54143).

(76) Temporary help agencies (56132).

(77) Employment agencies (56131).

(78) Test laboratories (excluding medical) (54138).

(79) Maintenance and janitorial services (56172).

(80) Exterminating (includes termite services) (56171).

(81) Packing and crating.

(82) Tire recapping and repairing (326212/811198).

(83) Private investigation (detective) services (561612).

(84) Printing (32311).

(85) Internet Service Providers-Dialup (518111).

(86) Sign construction and installation (54189).

(87) Internet Service Providers-DSL or other broadband (518111).

(88) Automotive washing and waxing (811192).

(89) Automotive road service and towing services (48848112).

(90) Auto service. except repairs, incl. painting & lube (81119).

(91) Parking lots & garages (81293).

(92) Automotive rustproofing & undercoating (811198).

(93) Amusement park admission & rides (71311).

(94) Circuses and fairs -- admission and games (7113).

(95) Cable TV services (51751).

(96) Admission to school and college sports events (7112).

(97) Membership fees in private clubs (71391).

(98) Admission to cultural events (7111).

(99) Pinball and other mechanical amusements (71312).

(100) Rental of video tapes for home viewing (53223).

(101) Personal property, short term and long term (generally) (5322).

(102) Taxidermy.

(103) Custom fabrication labor.

(104) Repair labor, generally.

(105) Rental of hand tools to licensed contractors (532412).

(106) Trailer parks - overnight (7212).

(107) Welding labor (fabrication and repair).

(108) Custom meat slaughtering, cutting and wrapping.

(109) Installation charges - other than seller of goods.

(110) Custom processing (on customer's property).

(111) Installation charges by persons selling property.

(112) Labor charges on repair of aircraft.

(113) Labor charges - repairs to intrastate vessels.

(114) Labor - repairs to commercial fishing vessels (336611).

(115) Labor charges on repairs to railroad rolling stock.

(116) Labor - repairs or remodeling of real property.

(117) Labor charges - repairs other tangible property (811).

(118) Labor on radio/TV repairs; other electronic equip (8112).

(119) Labor charges on repairs to motor vehicles (811111).

"Sale at retail" shall be construed to include any Illinois florist's sales transaction in which the purchase order is received in Illinois by a florist and the sale is for use or consumption, but the Illinois florist has a florist in another state deliver the property to the purchaser or the purchaser's donee in such other state.

Nonreusable tangible personal property that is used by persons engaged in the business of operating a restaurant, cafeteria, or drive-in is a sale for resale when it is transferred to customers in the ordinary course of business as part of the sale of food or beverages and is used to deliver, package, or consume food or beverages, regardless of where consumption of the food or beverages occurs. Examples of those items include, but are not limited to nonreusable, paper and plastic cups, plates, baskets, boxes, sleeves, buckets or other containers, utensils, straws, placemats, napkins, doggie bags, and wrapping or packaging materials that are transferred to customers as part of the sale of food or beverages in the ordinary course of business.

The purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of tangible personal property.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling tangible personal property at retail (whether to the public or merely to members and their guests) is engaged in the business of selling tangible personal property at retail with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1), to the extent of sales by such person to its members, students, patients or inmates of tangible personal property to be used primarily for the purposes of such person, or (2), to the extent of sales by such person of tangible personal property which is not sold or offered for sale by persons organized for profit. The selling of school books and school supplies by schools at retail to students is not "primarily for the purposes of" the school which does such selling. The provisions of this paragraph shall not apply to nor subject to taxation occasional dinners, socials or similar activities of a person organized and operated exclusively for charitable, religious or educational purposes, whether or not such activities are open to the public.

A person who is the recipient of a grant or contract under Title VII of the Older Americans Act of 1965 (P.L. 92-258) and serves meals to participants in the federal Nutrition Program for the Elderly in return for contributions established in amount by the individual participant pursuant to a schedule of suggested fees as provided for in the federal Act is not engaged in the business of selling tangible personal property at retail with respect to such transactions.

"Purchaser" means anyone who, through a sale at retail, acquires the ownership of or title to tangible personal property for a valuable consideration.

"Reseller of motor fuel" means any person engaged in the business of selling or delivering or transferring title of motor fuel to another person other than for use or consumption. No person shall act as a reseller of motor fuel within this State without first being registered as a reseller pursuant to Section 2c or a retailer pursuant to Section 2a.

"Selling price" or the "amount of sale" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits, property, other than as hereinafter provided, and services, but not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include charges that are added to prices by sellers on account of the seller's tax liability under this Act, or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by the Use Tax Act, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit, on account of the seller's tax liability under any local occupation tax administered by the Department, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit on account of the seller's duty to collect, from the purchasers, the tax that is imposed under any local use tax administered by the Department. Effective December 1, 1985, "selling price" shall include charges that are added to prices by sellers on account of the seller's tax liability under the Cigarette Tax Act, on account of the sellers' duty to collect, from the purchaser, the tax imposed under the Cigarette Use Tax Act, and on account of the seller's duty to collect, from the purchaser, any cigarette tax imposed by a home rule unit.

The phrase "like kind and character" shall be liberally construed (including but not limited to any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item which, if sold at retail by that retailer, would be exempt from retailers' occupation tax and use tax as an isolated or occasional sale.

"Gross receipts" from the sales of tangible personal property at retail means the total selling price or the amount of such sales, as hereinbefore defined. In the case of charge and time sales, the amount thereof shall be included only as and when payments are received by the seller. Receipts or other consideration derived by a seller from the sale, transfer or assignment of accounts receivable to a wholly owned subsidiary will not be deemed payments prior to the time the purchaser makes payment on such accounts.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian or other representative appointed by order of any court.

The isolated or occasional sale of tangible personal property at retail by a person who does not hold himself out as being engaged (or who does not habitually engage) in selling such tangible personal property at retail, or a sale through a bulk vending machine, does not constitute engaging in a business of selling such tangible personal property at retail within the meaning of this Act; provided that any person who is engaged in a business which is not subject to the tax imposed by this Act because of involving the sale of or a contract to sell real estate or a construction contract to improve real estate or a construction contract to engineer, install, and maintain an integrated system of products, but who, in the course of conducting such business, transfers tangible personal property to users or consumers in the finished form in which it was purchased, and which does not become real estate or was not engineered and installed, under any provision of a construction contract or real estate sale or real estate sales agreement entered into with some other person arising out of or because of such nontaxable business, is engaged in the business of selling tangible personal property at retail to the extent of the value of the tangible personal property so transferred. If, in such a transaction, a separate charge is made for the tangible personal property so transferred, the value of such property, for the purpose of this Act, shall be the amount so separately charged, but not less than the cost of such property to the transferor; if no separate charge is made, the value of such property, for the purposes of this Act, is the cost to the transferor of such tangible personal property. Construction contracts for the improvement of real estate consisting of engineering, installation, and maintenance of voice, data, video, security, and all telecommunication systems do not constitute engaging in a business of selling tangible personal property at retail within the meaning of this Act if they are sold at one specified contract price.

A person who holds himself or herself out as being engaged (or who habitually engages) in selling tangible personal property at retail is a person engaged in the business of selling tangible personal property at retail hereunder with respect to such sales (and not primarily in a service occupation) notwithstanding the fact that such person designs and produces such tangible personal property on special order for the purchaser and in such a way as to render the property of value only to such purchaser, if such tangible personal property so produced on special order serves substantially the same function as stock or standard items of tangible personal property that are sold at retail.

Persons who engage in the business of transferring tangible personal property upon the redemption of trading stamps are engaged in the business of selling such property at retail and shall be liable for and shall pay the tax imposed by this Act on the basis of the retail value of the property transferred upon redemption of such stamps.

"Bulk vending machine" means a vending machine, containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children which, when a coin or coins of a denomination not larger than $0.50 are inserted, are dispensed in equal portions, at random and without selection by the customer.

(Source: P.A. 95-723, eff. 6-23-08.)

(35 ILCS 120/2) (from Ch. 120, par. 441)

Sec. 2. Tax imposed. A tax is imposed upon persons engaged in the business of selling at retail tangible personal property, including computer software, and including photographs, negatives, and positives that are the product of photoprocessing, but not including products of photoprocessing produced for use in motion pictures for public commercial exhibition, or engaged in the business of providing services as set forth in in Section 1 of this Act. Beginning January 1, 2001, prepaid telephone calling arrangements shall be considered tangible personal property subject to the tax imposed under this Act regardless of the form in which those arrangements may be embodied, transmitted, or fixed by any method now known or hereafter developed.

(Source: P.A. 91-51, eff. 6-30-99; 91-870, eff. 6-22-00.)

Section 20. The Illinois Pension Code is amended by changing Section 16-158 as follows:

(40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

Sec. 16-158. Contributions by State and other employing units.

(a) The State shall make contributions to the System by means of appropriations from the Common School Fund and other State funds of amounts which, together with other employer contributions, employee contributions, investment income, and other income, will be sufficient to meet the cost of maintaining and administering the System on a 90% funded basis in accordance with actuarial recommendations.

The Board shall determine the amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board and the recommendations of the actuary, using the formula in subsection (b-3).

(a-1) Annually, on or before November 15, the Board shall certify to the Governor the amount of the required State contribution for the coming fiscal year. The certification shall include a copy of the actuarial recommendations upon which it is based.

On or before May 1, 2004, the Board shall recalculate and recertify to the Governor the amount of the required State contribution to the System for State fiscal year 2005, taking into account the amounts appropriated to and received by the System under subsection (d) of Section 7.2 of the General Obligation Bond Act.

On or before July 1, 2005, the Board shall recalculate and recertify to the Governor the amount of the required State contribution to the System for State fiscal year 2006, taking into account the changes in required State contributions made by this amendatory Act of the 94th General Assembly.

(b) Through State fiscal year 1995, the State contributions shall be paid to the System in accordance with Section 18-7 of the School Code.

(b-1) Beginning in State fiscal year 1996, on the 15th day of each month, or as soon thereafter as may be practicable, the Board shall submit vouchers for payment of State contributions to the System, in a total monthly amount of one-twelfth of the required annual State contribution certified under subsection (a-1). From the effective date of this amendatory Act of the 93rd General Assembly through June 30, 2004, the Board shall not submit vouchers for the remainder of fiscal year 2004 in excess of the fiscal year 2004 certified contribution amount determined under this Section after taking into consideration the transfer to the System under subsection (a) of Section 6z-61 of the State Finance Act. These vouchers shall be paid by the State Comptroller and Treasurer by warrants drawn on the funds appropriated to the System for that fiscal year.

If in any month the amount remaining unexpended from all other appropriations to the System for the applicable fiscal year (including the appropriations to the System under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation Act) is less than the amount lawfully vouchered under this subsection, the difference shall be paid from the Common School Fund under the continuing appropriation authority provided in Section 1.1 of the State Pension Funds Continuing Appropriation Act.

(b-2) Allocations from the Common School Fund apportioned to school districts not coming under this System shall not be diminished or affected by the provisions of this Article.

(b-3) For State fiscal years 2011 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

For State fiscal years 1996 through 2005, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments so that by State fiscal year 2011, the State is contributing at the rate required under this Section; except that in the following specified State fiscal years, the State contribution to the System shall not be less than the following indicated percentages of the applicable employee payroll, even if the indicated percentage will produce a State contribution in excess of the amount otherwise required under this subsection and subsection (a), and notwithstanding any contrary certification made under subsection (a-1) before the effective date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY

2003; and 13.56% in FY 2004.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2006 is $534,627,700.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2007 is $738,014,500.

For each of State fiscal years 2008 through 2010, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

Beginning in State fiscal year 2046, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at 90% of the total actuarial liabilities of the System.

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the State Finance Act in any fiscal year do not reduce and do not constitute payment of any portion of the minimum State contribution required under this Article in that fiscal year. Such amounts shall not reduce, and shall not be included in the calculation of, the required State contributions under this Article in any future year until the System has reached a funding ratio of at least 90%. A reference in this Article to the "required State contribution" or any substantially similar term does not include or apply to any amounts payable to the System under Section 25 of the Budget Stabilization Act.

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under subsection (a-1), shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

(c) Payment of the required State contributions and of all pensions, retirement annuities, death benefits, refunds, and other benefits granted under or assumed by this System, and all expenses in connection with the administration and operation thereof, are obligations of the State.

If members are paid from special trust or federal funds which are administered by the employing unit, whether school district or other unit, the employing unit shall pay to the System from such funds the full accruing retirement costs based upon that service, as determined by the System. Employer contributions, based on salary paid to members from federal funds, may be forwarded by the distributing agency of the State of Illinois to the System prior to allocation, in an amount determined in accordance with guidelines established by such agency and the System.

(d) Effective July 1, 1986, any employer of a teacher as defined in paragraph (8) of Section 16-106 shall pay the employer's normal cost of benefits based upon the teacher's service, in addition to employee contributions, as determined by the System. Such employer contributions shall be forwarded monthly in accordance with guidelines established by the System.

However, with respect to benefits granted under Section 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8) of Section 16-106, the employer's contribution shall be 12%

(rather than 20%) of the member's highest annual salary rate for each year of creditable service granted, and the employer shall also pay the required employee contribution on behalf of the teacher. For the purposes of Sections 16-133.4 and 16-133.5, a teacher as defined in paragraph (8) of Section 16-106 who is serving in that capacity while on leave of absence from another employer under this Article shall not be considered an employee of the employer from which the teacher is on leave.

(e) Beginning July 1, 1998, every employer of a teacher shall pay to the System an employer contribution computed as follows:

(1) Beginning July 1, 1998 through June 30, 1999, the employer contribution shall be equal to 0.3% of each teacher's salary.

(2) Beginning July 1, 1999 and thereafter, the employer contribution shall be equal to 0.58% of each teacher's salary.

The school district or other employing unit may pay these employer contributions out of any source of funding available for that purpose and shall forward the contributions to the System on the schedule established for the payment of member contributions.

These employer contributions are intended to offset a portion of the cost to the System of the increases in retirement benefits resulting from this amendatory Act of 1998.

Each employer of teachers is entitled to a credit against the contributions required under this subsection (e) with respect to salaries paid to teachers for the period January 1, 2002 through June 30, 2003, equal to the amount paid by that employer under subsection (a-5) of Section 6.6 of the State Employees Group Insurance Act of 1971 with respect to salaries paid to teachers for that period.

The additional 1% employee contribution required under Section 16-152 by this amendatory Act of 1998 is the responsibility of the teacher and not the teacher's employer, unless the employer agrees, through collective bargaining or otherwise, to make the contribution on behalf of the teacher.

If an employer is required by a contract in effect on May 1, 1998 between the employer and an employee organization to pay, on behalf of all its full-time employees covered by this Article, all mandatory employee contributions required under this Article, then the employer shall be excused from paying the employer contribution required under this subsection (e) for the balance of the term of that contract. The employer and the employee organization shall jointly certify to the System the existence of the contractual requirement, in such form as the System may prescribe. This exclusion shall cease upon the termination, extension, or renewal of the contract at any time after May 1, 1998.

(f) If the amount of a teacher's salary for any school year used to determine final average salary exceeds the member's annual full-time salary rate with the same employer for the previous school year by more than 6%, the teacher's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in salary that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. If a teacher's salary for the 2005-2006 school year is used to determine final average salary under this subsection (f), then the changes made to this subsection (f) by Public Act 94-1057 shall apply in calculating whether the increase in his or her salary is in excess of 6%. For the purposes of this Section, change in employment under Section 10-21.12 of the School Code on or after June 1, 2005 shall constitute a change in employer. The System may require the employer to provide any pertinent information or documentation. The changes made to this subsection (f) by this amendatory Act of the 94th General Assembly apply without regard to whether the teacher was in service on or after its effective date.

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute and, if the employer asserts that the calculation is subject to subsection (g) or (h) of this Section, must include an affidavit setting forth and attesting to all facts within the employer's knowledge that are pertinent to the applicability of that subsection. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

The employer contributions required under this subsection (f) may be paid in the form of a lump sum within 90 days after receipt of the bill. If the employer contributions are not paid within 90 days after receipt of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill. Payments must be concluded within 3 years after the employer's receipt of the bill.

(g) This subsection (g) applies only to payments made or salary increases given on or after June 1, 2005 but before July 1, 2011. The changes made by Public Act 94-1057 shall not require the System to refund any payments received before July 31, 2006 (the effective date of Public Act 94-1057).

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases paid to teachers under contracts or collective bargaining agreements entered into, amended, or renewed before June 1, 2005.

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases paid to a teacher at a time when the teacher is 10 or more years from retirement eligibility under Section 16-132 or 16-133.2.

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from overload work, including summer school, when the school district has certified to the System, and the System has approved the certification, that (i) the overload work is for the sole purpose of classroom instruction in excess of the standard number of classes for a full-time teacher in a school district during a school year and (ii) the salary increases are equal to or less than the rate of pay for classroom instruction computed on the teacher's current salary and work schedule.

When assessing payment for any amount due under subsection (f), the System shall exclude a salary increase resulting from a promotion (i) for which the employee is required to hold a certificate or supervisory endorsement issued by the State Teacher Certification Board that is a different certification or supervisory endorsement than is required for the teacher's previous position and (ii) to a position that has existed and been filled by a member for no less than one complete academic year and the salary increase from the promotion is an increase that results in an amount no greater than the lesser of the average salary paid for other similar positions in the district requiring the same certification or the amount stipulated in the collective bargaining agreement for a similar position requiring the same certification.

When assessing payment for any amount due under subsection (f), the System shall exclude any payment to the teacher from the State of Illinois or the State Board of Education over which the employer does not have discretion <u>or which is paid to a mentor teacher or principal from funds provided to the employer by the State Board of Education for the purpose of mentoring a new teacher or principal</u>, notwithstanding that the payment is included in the computation of final average salary.

(h) When assessing payment for any amount due under subsection (f), the System shall exclude any salary increase described in subsection (g) of this Section given on or after July 1, 2011 but before July 1, 2014 under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Notwithstanding any other provision of this Section, any payments made or salary increases given after June 30, 2014 shall be used in assessing payment for any amount due under subsection (f) of this Section.

(i) The System shall prepare a report and file copies of the report with the Governor and the General Assembly by January 1, 2007 that contains all of the following information:

(1) The number of recalculations required by the changes made to this Section by Public Act 94-1057 for each employer.

(2) The dollar amount by which each employer's contribution to the System was changed due to recalculations required by Public Act 94-1057.

(3) The total amount the System received from each employer as a result of the changes made to this Section by Public Act 94-4.

(4) The increase in the required State contribution resulting from the changes made to this Section by Public Act 94-1057.

(Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057, eff. 7-31-06; 94-1111, eff. 2-27-07; 95-331, eff. 8-21-07; 95-950, eff. 8-29-08.)

Section 25. The School Code is amended by changing Sections 1A-8, 1C-2, 2-3.25c, 2-3.25d, 2-3.53a, 3-7, 10-17a, 10-20.20, 10-22.45, 14-13.01, 18-8.05, 19-3, 21-29, 21A-5, 21A-10, 21A-15, 21A-20, 21A-25, 21A-30, 23-3, 23-6, 24-12, 24A-3, 24A-4, 24A-5, 24A-6, and 24A-8, by adding Sections 2-3.25d-5, 2-3.53b, 2-3.64b, 2-3.148, 2-3.149, 2-3.150, 2-3.151, 2-3.152, 3-6.5, 10-16.10, 10-17b, 10-17c, 10-17d, 10-20.46, 17-2.11c, 21A-3, 23-5.5, 34-18.37, 34-18.38, 34-18.39, 34-18.40, and 34-18.41, and by renumbering and changing Section 10-20.41 as added by Public Act 95-707 as follows:

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

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

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

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

(1) The district has issued school or teacher orders for wages as permitted in Sections 8-16, 32-7.2 and 34-76 of this Code;

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

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

(4) The district refuses to provide financial information or cooperate with the State Superintendent in an investigation of the district's financial condition.

No school district shall be certified by the State Board of Education to be in financial difficulty by reason of any of the above circumstances (i) if arising solely as a result of the failure of the county to make any distribution of property tax money due the district at the time such distribution is due; (ii) if arising solely as a result of the failure of the Comptroller to disburse reimbursements in accordance with Sections 14-7.02, 14-7.02b, 14-7.03, 14-13.01, 18-3, 18-11, 18-4.3, and 29-5 for receipt by the school district no later than June 30th of each year; or (iii) if the district clearly demonstrates to the satisfaction of the State Board of Education at the time of its determination that such condition no longer exists. If the State Board of Education certifies that a district in a city with 500,000 inhabitants or more is in financial difficulty, the State Board shall so notify the Governor and the Mayor of the city in which the district is located. The State Board of Education may require school districts certified in financial difficulty, except those districts subject to Article 34A, to develop, adopt and submit a financial plan within 45 days after certification of financial difficulty. The financial plan shall be developed according to guidelines presented to the district by the State Board of Education within 14 days of certification. Such guidelines shall address the specific nature of each district's financial difficulties. Any proposed budget of the district shall be consistent with the financial plan submitted to and approved by the State Board of Education.

A district certified to be in financial difficulty, other than a district subject to Article 34A, shall report to the State Board of Education at such times and in such manner as the State Board may direct, concerning the district's compliance with each financial plan. The State Board may review the district's operations, obtain budgetary data and financial statements, require the district to produce reports, and have access to any other information in the possession of the district that it deems relevant. The State Board may issue recommendations or directives within its powers to the district to assist in compliance with the financial plan. The district shall produce such budgetary data, financial statements, reports and other information and comply with such directives. If the State Board of Education determines that a district has failed to comply with its financial plan, the State Board of Education may rescind approval of the plan and appoint a Financial Oversight Panel for the district as provided in Section 1B-4. This action shall be taken only after the district has been given notice and an opportunity to appear before the State Board of Education to discuss its failure to comply with its financial plan.

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

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

(Source: P.A. 94-234, eff. 7-1-06.)

(105 ILCS 5/1C-2)

Sec. 1C-2. Block grants.

(a) For fiscal year 1999, and each fiscal year thereafter, the State Board of Education shall award to school districts block grants as described in subsection (c). The State Board of Education may adopt rules and regulations necessary to implement this Section. In accordance with Section 2-3.32, all state block grants are subject to an audit. Therefore, block grant receipts and block grant expenditures shall be recorded to the appropriate fund code.

(b) (Blank).

(c) An Early Childhood Education Block Grant shall be created by combining the following programs: Preschool

Education, Parental Training and Prevention Initiative. These funds shall be distributed to school districts and other entities on a competitive basis. Eleven percent of this grant shall be used to fund programs for children ages 0-3.

(d) The General Assembly shall appropriate or transfer amounts to the Early Childhood Education Block Grant for the programs specified in subsection (c) of this Section as follows: the Fiscal Year 2009 appropriation plus (1) at least the Fiscal Year 2009 appropriation plus an additional $45,000,000 for Fiscal Year 2010; (2) at least the previous fiscal year appropriation plus at least an additional $90,000,000 for Fiscal Year 2011; (3) at least the previous fiscal year appropriation plus at least an additional $135,000,000 for Fiscal Year 2012; and (4) at least the previous fiscal year appropriation plus at least an additional $180,000,000 for Fiscal Year 2013. Thereafter, the amount appropriated or transferred to the Early Childhood Education Block Grant each fiscal year shall be the amount from the previous fiscal year, increased by at least the percentage increase, if any, in the Employment Cost Index for Elementary and Secondary Schools, published by the U.S. Bureau of Labor Statistics, for the then most recent, completed calendar year. The Early Childhood Education Block Grant shall not be subject to sweeps, administrative charges, or charge-backs, including, but not limited to, those authorized under Section 8h of the State Finance Act or any other fiscal or budgetary maneuver that would in any way transfer any funds from the Early Childhood Education Block Grant into any other fund of this State.

(Source: P.A. 95-793, eff. 1-1-09.)

(105 ILCS 5/2-3.25c) (from Ch. 122, par. 2-3.25c)

Sec. 2-3.25c. Financial and other awards ~~Rewards and acknowledgements~~.

(a) The State Board of Education shall implement a system of rewards for school districts, and the schools themselves, whose students and schools consistently meet adequate yearly progress criteria for 2 or more consecutive years and a system to acknowledge schools and districts that meet adequate yearly progress criteria in a given year as specified in Section 2-3.25d of this Code.

(b) Financial awards shall be provided to the schools that the State Superintendent of Education determines have demonstrated the greatest improvement in achieving the education goals of improved student achievement and improved school completion, subject to appropriation by the General Assembly and any limitation set by the State Superintendent on the total amount that may be awarded to a school or school district; provided that such financial awards must not be used to enhance the compensation of staff in school districts having a population not exceeding 500,000.

(c) The State Superintendent of Education may present proclamations or certificates to schools and school systems determined to have met or exceeded the State's education goals under Section 2-3.64 of this Code.

(d) The Education Financial Award System Fund is created as a special fund in the State treasury. All money in the Fund shall be used, subject to appropriation, by the State Board of Education for the purpose of funding financial awards under this Section. The Fund shall consist of all moneys appropriated to the fund by the General Assembly and any gifts, grants, donations, and other moneys received by the State Board of Education for implementation of the awards system.

Any unexpended or unencumbered moneys remaining in the Education Financial Award System Fund at the end of a fiscal year shall remain in the Fund and shall not revert or be credited or transferred to the General Revenue Fund nor be transferred to any other fund. Any interest derived from the deposit and investment of moneys in the Education Financial Award System Fund shall remain in the Fund and shall not be credited to the General Revenue Fund. The Education Financial Award System Fund must be appropriated and expended only for the awards system. The awards are subject to audit requirements established by the State Board of Education.

(e) If a school or school district meets adequate yearly progress criteria for 2 consecutive school years, that school or district shall be exempt from review and approval of its improvement plan for the next 2 succeeding school years.

(Source: P.A. 93-470, eff. 8-8-03.)

(105 ILCS 5/2-3.25d) (from Ch. 122, par. 2-3.25d)

Sec. 2-3.25d. Academic early warning and watch status.

(a) Beginning with the 2005-2006 school year, unless the federal government formally disapproves of such policy through the submission and review process for the Illinois Accountability Workbook, those schools that do not meet adequate yearly progress criteria for 2 consecutive annual calculations in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall be placed on academic early warning status for the next school year. Schools on academic early warning status that do not meet adequate yearly progress criteria for a third annual calculation in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall remain on academic early warning status. Schools on academic early warning status that do not meet adequate yearly progress criteria for a fourth annual calculation in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall be placed on initial academic watch status. Schools on academic watch status that do not meet adequate yearly progress criteria for a fifth or subsequent annual calculation in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall remain on academic watch status.

Schools on academic early warning or academic watch status that meet adequate yearly progress criteria for one annual calculation shall be considered as having met expectations and shall be removed from any status designation.

The school district of a school placed on either academic early warning status or academic watch status may appeal the status to the State Board of Education in accordance with Section 2-3.25m of this Code.

A school district that has one or more schools on academic early warning or academic watch status shall prepare a revised School Improvement Plan or amendments thereto setting forth the district's expectations for removing each school from academic early warning or academic watch status and for improving student performance in the affected school or schools. Districts operating under Article 34 of this Code may prepare the School Improvement Plan required under Section 34-2.4 of this Code.

The revised School Improvement Plan for a school that is initially placed on academic early warning status or that remains on academic early warning status after a third annual calculation must be approved by the school board (and by the school's local school council in a district operating under Article 34 of this Code, unless the school is on probation pursuant to subsection (c) of Section 34-8.3 of this Code).

The revised School Improvement Plan for a school that is initially placed on academic watch status after a fourth annual calculation must be approved by the school board (and by the school's local school council in a district operating under Article 34 of this Code, unless the school is on probation pursuant to subsection (c) of Section 34-8.3 of this Code).

The revised School Improvement Plan for a school that remains on academic watch status after a fifth annual calculation must be approved by the school board (and by the school's local school council in a district operating under Article 34 of this Code, unless the school is on probation pursuant to subsection (c) of Section 34-8.3 of this Code). In addition, the district must develop a school restructuring plan for the school that must be approved by the school board (and by the school's local school council in a district operating under Article 34 of this Code).

A school on academic watch status that does not meet adequate yearly progress criteria for a sixth annual calculation shall implement its approved school restructuring plan beginning with the next school year, subject to the State interventions specified in Section 2-3.25f of this Code.

(b) Beginning with the 2005-2006 school year, unless the federal government formally disapproves of such policy through the submission and review process for the Illinois Accountability Workbook, those school districts that do not meet adequate yearly progress criteria for 2 consecutive annual calculations in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall be placed on academic early warning status for the next school year. Districts on academic early warning status that do not meet adequate yearly progress criteria for a third annual calculation in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall remain on academic early warning status. Districts on academic early warning status that do not meet adequate yearly progress criteria for a fourth annual calculation in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall be placed on initial academic watch status. Districts on academic watch status that do not meet adequate yearly progress criteria for a fifth or subsequent annual calculation in the same subgroup and in the same subject or in their participation rate, attendance rate, or graduation rate shall remain on academic watch status. Districts on academic early warning or academic watch status that meet adequate yearly progress criteria for one annual calculation shall be considered as having met expectations and shall be removed from any status designation.

A district placed on either academic early warning status or academic watch status may appeal the status to the State Board of Education in accordance with Section 2-3.25m of this Code.

Districts on academic early warning or academic watch status shall prepare a District Improvement Plan or amendments thereto setting forth the district's expectations for removing the district from academic early warning or academic watch status and for improving student performance in the district.

All District Improvement Plans must be approved by the school board.

(c) All <u>new and</u> revised School and District Improvement Plans shall be developed in collaboration with parents, staff in the affected school or school district <u>and their exclusive bargaining representatives, if any</u>, and outside experts. All revised School and District Improvement Plans shall be developed, submitted, and monitored pursuant to rules adopted by the State Board of Education. The ~~revised~~ Improvement Plan shall address measurable outcomes for improving student performance so that such performance meets adequate yearly progress criteria as specified by the State Board of Education <u>and shall include a staff professional development plan developed at least in cooperation with staff or, if applicable, the exclusive bargaining representatives of the staff</u>. All school districts required to revise a School Improvement Plan in accordance with this Section shall establish a peer review process for the evaluation of School Improvement Plans.

(d) All federal requirements apply to schools and school districts utilizing federal funds under Title I, Part A of the federal Elementary and Secondary Education Act of 1965.

(e) The State Board of Education, from any moneys it may have available for this purpose, must implement and administer a grant program that provides 2-year grants to school districts on the academic watch list and other school districts that have the lowest achieving students, as determined by the State Board of Education, to be used to improve student achievement. In order to receive a grant under this program, a school district must establish an accountability program. The accountability program must involve the use of statewide testing standards and local evaluation measures. A grant shall be automatically renewed when achievement goals are met. The Board may adopt any rules necessary to implement and administer this grant program.

(f) In addition to any moneys available under subsection (e) of this Section, a school district required to maintain School and District Improvement Plans under this Section, including a school district organized under Article 34 of this Code, shall annually receive from the State an amount equal to $150 times the number of full-time certified teachers and administrators it employs for developing and implementing its mandatory School and District Improvement Plans, including its staff professional development plan.

(Source: P.A. 93-470, eff. 8-8-03; 93-890, eff. 8-9-04; 94-666, eff. 8-23-05; 94-875, eff. 7-1-06.)

(105 ILCS 5/2-3.25d-5 new)

Sec. 2-3.25d-5. Educational improvement plan.

(a) Except for school districts required to develop School and District Improvement Plans under Section 2-3.25d of this Code, each school district shall develop, in compliance with rules promulgated by the State Board of Education, an educational improvement plan that must include (i) measures for improving school district, school building, and individual student performance and (ii) a staff professional development plan developed at least in cooperation with staff or, if applicable, the exclusive bargaining representatives of the staff. The district shall develop the educational improvement plan in collaboration with parents, staff, and the staff's exclusive bargaining representatives, if any.

(105 ILCS 5/2-3.53a)

Sec. 2-3.53a. New principal mentoring program.

(a) In this Section, "new principal" means a principal of a public school who has less than 2 full school years of experience as a principal in a public school in this State. Beginning on July 1, 2007, and subject to an annual appropriation by the General Assembly, to establish a new principal mentoring program for new principals. Any individual who is hired as a principal in the State of Illinois on or after July 1, 2007 shall participate in a new principal mentoring program for the duration of his or her first year as a principal and must complete the program in accordance with the requirements established by the State Board of Education by rule or, for a school district created by Article 34 of this Code, in accordance with the provisions of Section 34-18.27 of this Code. School districts created by Article 34 are not subject to the requirements of subsection (b), (c), (d), (e), (f), or (g) of this Section. The new principal mentoring program shall match an experienced principal who meets the requirements of subsection (b) of this Section with each new principal in his or her first year in that position in order to assist the new principal in the development of his or her professional growth and to provide guidance during the new principal's first year of service.

(b) Any individual who has been a principal in Illinois for 3 or more years and who has demonstrated success as an instructional leader, as determined by the State Board by rule, is eligible to apply to be a mentor under a new principal mentoring program. Mentors shall complete mentoring training by entities approved by the State Board and meet any other requirements set forth by the State Board and by the school district employing the mentor.

(c) The State Board shall certify an entity or entities approved to provide training of mentors.

(d) A mentor shall be assigned to a new principal based on (i) similarity of grade level or type of school, (ii) learning needs of the new principal, and (iii) geographical proximity of the mentor to the new principal. The principal, in collaboration with the mentor, shall identify areas for improvement of the new principal's professional growth, including, but not limited to, each of the following:

(1) Analyzing data and applying it to practice.

(2) Aligning professional development and instructional programs.

(3) Building a professional learning community.

(4) Observing classroom practices and providing feedback.

(5) Facilitating effective meetings.

(6) Developing distributive leadership practices.

(7) Facilitating organizational change.

The mentor shall not be required to provide an evaluation of the new principal on the basis of the mentoring relationship.

(e) On or after January 1, 2008 and on or after January 1 of each year thereafter, each mentor and each new principal shall complete a survey of progress on a form developed by their respective school districts. On or before July 1, 2008 and on or after July 1 of each year thereafter, the State Board shall facilitate a review and evaluate the mentoring training program in collaboration with the approved providers. Each new principal and his or her mentor must complete a verification form developed by the State Board in order to certify their completion of a new principal mentoring program.

(f) The requirements of this Section do not apply to any individual who has previously served as an assistant principal in Illinois acting under an administrative certificate for 5 or more years and who is hired, on or after July 1, 2007, as a principal by the school district in which the individual last served as an assistant principal, although such an individual may choose to participate in this program or shall be required to participate by the school district.

(f-5) A separate appropriation shall annually be made for the purposes of this Section for each new principal, as defined by this Section, for each of 2 school years for the purpose of providing one or more of the following:

(1) Mentor principal compensation.

(2) Mentor principal training.

(3) Program administration, not to exceed 20% of the total program cost.

The General Assembly shall annually appropriate $3,800,000 for the principal mentoring, leadership, and professional development program.

(g) The State Board may adopt any rules necessary for the implementation of this Section.

(Source: P.A. 94-1039, eff. 7-20-06.)

(105 ILCS 5/2-3.53b new)

Sec. 2-3.53b. New superintendent mentoring program.

(a) Beginning on July 1, 2009 and subject to an annual appropriation by the General Assembly, to establish a new superintendent mentoring program for new superintendents. Any individual who begins serving as a superintendent in this State on or after July 1, 2009 and has not previously served as a school district superintendent in this State shall participate in the new superintendent mentoring program for the duration of his or her first 2 school years as a superintendent and must complete the program in accordance with the requirements established by the State Board of Education by rule. The new superintendent mentoring program shall match an experienced superintendent who meets the requirements of subsection (b) of this Section with each new superintendent in his or her first 2 school years in that position in order to assist the new superintendent in the development of his or her professional growth and to provide guidance during the new superintendent's first 2 school years of service.

(b) Any individual who has actively served as a school district superintendent in this State for 3 or more years and who has demonstrated success as an instructional leader, as determined by the State Board of Education by rule, is eligible to apply to be a mentor under the new superintendent mentoring program. Mentors shall complete mentoring training through a provider selected by the State Board of Education and shall meet any other requirements set forth by the State Board and by the school district employing the mentor.

(c) Under the new superintendent mentoring program, a provider selected by the State Board of Education shall assign a mentor to a new superintendent based on (i) similarity of grade level or type of school district, (ii) learning needs of the new superintendent, and (iii) geographical proximity of the mentor to the new superintendent. The new superintendent, in collaboration with the mentor, shall identify areas for improvement of the new superintendent's professional growth, including, but not limited to, each of the following:

(1) Analyzing data and applying it to practice.

(2) Aligning professional development and instructional programs.

(3) Building a professional learning community.

(4) Effective school board relations.

(5) Facilitating effective meetings.

(6) Developing distributive leadership practices.

(7) Facilitating organizational change.

The mentor must not be required to provide an evaluation of the new superintendent on the basis of the mentoring relationship.

(d) From January 1, 2010 until May 15, 2010 and from January 1 until May 15 each year thereafter, each mentor and each new superintendent shall complete a survey of progress of the new superintendent on a form developed by the school district. On or before September 1, 2010 and on or before September 1 of each year thereafter, the provider selected by the State Board of Education shall submit a detailed annual report to the State Board of how the appropriation for the new superintendent mentoring program was spent, details on each mentor-mentee relationship, and a qualitative evaluation of the outcomes. The provider shall develop a verification form that each new superintendent and his or her mentor must complete and submit to the provider to certify completion of each year of the new superintendent mentoring program by July 15 immediately following the school year just completed.

(e) The requirements of this Section do not apply to any individual who has previously served as an assistant superintendent in a school district in this State acting under an administrative certificate for 5 or more years and who, on or after July 1, 2009, begins serving as a superintendent in the school district where he or she had served as an assistant superintendent immediately prior to being named superintendent, although such an individual may choose to participate in the new superintendent mentoring program or may be required to participate by the school district. The requirements of this Section do not apply to any superintendent or chief executive officer of a school district organized under Article 34 of this Code.

(f) The State Board may adopt any rules that are necessary for the implementation of this Section.

(105 ILCS 5/2-3.64b new)

Sec. 2-3.64b. Performance measures.

(a) In this Section:

"Growth model assessment" means a statistical system for educational outcome assessment that uses measures of student learning to enable the estimation of teacher, school, and school district statistical distributions and that conforms to or is consistent with applicable State and federal laws and regulations to the extent practicable. The statistical system shall use available and appropriate data as input to account for differences in prior student attainment, such that the impact that the teacher, school, and school district have on the educational progress of students may be estimated on a student attainment constant basis. The impact that a teacher, school, or school district has on the progress or lack of progress in educational advancement or learning of a student is referred to in this Section as the "effect" of the teacher, school, or school district on the educational progress of students.

"School" includes a charter school.

"Teacher" includes a teacher in a charter school.

(b) No later than July 1, 2013, the State Board of Education shall establish a statewide growth model assessment system to measure the annual increase or growth in each student's performance relative to a standard year of academic growth on the assessments provided for in Section 2-3.64 of this Code and other performance indicators that the State Board may identify. In developing such a system, the State Board shall coordinate with school districts, including a school district organized under Article 34 of this Code, that have or that are in the process of developing local growth model assessment systems.

(c) The growth model assessment system shall reliably estimate school district, school, and teacher effects on students' academic achievement over time, control for student characteristics, and use an independently verifiable statistical methodology to produce such estimates.

(d) A specific teacher's effect on the educational progress of students may not be used as a part of a formal personnel evaluation until data from 3 complete academic years are obtained and unless the district and the exclusive bargaining representative of the district's teachers, if any, have agreed to its use as part of an alternative evaluation plan under Section 24A-5 or 24A-8 of this Code. Teacher effect data must not be retained for use in evaluations for more than the most recent 5 years. A student must have been present for 150 days of classroom instruction per year or 75 days of classroom instruction per semester before that student's record is attributable to a specific teacher. Records from any student who is eligible for special education services under federal law must not be used as part of the growth model assessment.

(e) The State Board of Education shall provide growth model assessment data to each school district as soon as practicable after receipt of such data, but in no case later than December 1. The aggregate growth model assessment estimates for each school district and school shall also be included in each school district's report card under Section 10-17a of this Code.

(f) All identifiable individual student performance data, information, and reports shall be deemed confidential, shall not be a public record, and shall not be disclosed; provided that such information shall be made available only to a student's classroom teacher and other appropriate educational personnel and to the student's parent or guardian.

(g) All identifiable teacher effects data, information, and reports shall be deemed confidential, shall not be a public record, and shall not be disclosed without the teacher's express written consent, except to appropriate personnel in the district in which the teacher is employed.

(h) The data, information, and reports referred to in subsection (f) of this Section shall not constitute a school student record under Section 2 of the Illinois School Student Records Act and shall otherwise be exempt from disclosure under Section 6 of the Illinois School Student Records Act. The data, information, and reports referred to in subsections (f) and (g) of this Section shall not constitute a public record under Section 2 of the Freedom of Information Act and shall otherwise be exempt from disclosure under subdivisions (a) and (b) of subsection (1) of Section 7 of the Freedom of Information Act. Nothing in this Section prevents the State Board of Education from releasing or otherwise disclosing such data, information, and reports to any person associated with a recognized institution of higher education for the purpose of research, analysis, or statistical reporting or planning, provided that no student or teacher can be identified from the data, information, or report released and the person to whom the data, information, or report is released signs an affidavit agreeing to comply with all applicable statutes pertaining to confidential student and personnel records.

(i) As provided in Sections 2-3.25d, 2-3.25f, and 2-3.25h of this Code, the State Board of Education shall establish a coherent and sustained system of assistance and support for schools not meeting identified levels of achievement or not showing specified levels of progress, as determined by the State Board based upon the schools' growth model assessment results. As provided in Section 2-3.25f of this Code, the State Board of Education shall specify appropriate levels of assistance and intervention for schools that receive an unacceptable rating on student performance for the absolute student achievement standard or on progress on improved student achievement.

(j) The State Board of Education, from any moneys it may have available for the purposes set forth in this Section, must implement and administer a grant program that provides 2-year grants to school districts, including a school district organized under Article 34 of this Code, as determined by the State Board of Education, to be used to develop local growth model assessment systems. The Board may adopt any rules necessary to implement and administer this grant program.

(105 ILCS 5/2-3.148 new)

Sec. 2-3.148. The Digital Learning Technology Grant

Program.

(a) As used in this Section, unless the context otherwise requires, "information technology education" means education in the development, design, use, maintenance, repair, and application of information technology systems or equipment, including, but not limited to, computers, the Internet, telecommunications devices and networks, and multi-media techniques.

(b) There is created the Digital Learning Technology Grant Program to provide money to school districts and charter schools to use in integrating information technology and scientific equipment as tools to measurably improve teaching and learning in grades 9 through 12 in this State's public schools. The State Board of Education shall administer the grant program through the acceptance, review, and recommendation of applications submitted pursuant to this Section.

(c) Grants awarded through the grant program created under this Section shall continue for 4 fiscal years and may be renewed as provided by rule of the State Board of Education. Grants awarded through the program shall be paid out of any money appropriated or credited to the Digital Learning Technology Grant Fund. A school district or charter school shall use any moneys obtained through the grant program to integrate information technology education into the 9th grade through 12th grade curriculum. In the case of a school district, such integration shall be accomplished in one or more public schools in the district. The school district or charter school may contract with one or more private entities for assistance in integrating information technology education into the curriculum. In addition, school districts and charter schools are encouraged to partner with businesses for assistance in integrating information technology education into the curriculum.

(d) The State Board of Education shall adopt rules for the administration and implementation of the grant program created under this Section. The first grants shall be awarded through the program for the 2009-2010 school year. Grants shall be awarded annually thereafter.

(e) Any school district or charter school that seeks to participate in the grant program created under this Section shall submit an application to the State Board of Education in the form and according to the deadlines established by rule of the State Board of Education. The application shall include the following information:

(1) if the applicant is a school district, the names of the schools that will receive the benefits of the grant;

(2) the current level of information technology education integration at the recipient schools;

(3) the school district's or charter school's plan for integrating information technology education into the 9th grade through 12th grade curriculum, including any

specific method or program to be used, and any entities with whom the school district or charter school plans to contract or cooperate in achieving the integration;

(4) the specific, measurable goals to be achieved and the actual deliverables to be produced through the integration of information technology education into the curriculum, a deadline for achieving those goals, and a proposed method of measuring whether the goals were achieved;

(5) any businesses with which the school district or charter school has partnered to improve the availability and integration of information technology education within the curriculum; and

(6) any other information that may be specified by rule of the State Board of Education.

(f) In recommending and awarding grants through the program, the State Board of Education shall consider the following criteria:

(1) the degree to which information technology education is already integrated into the curriculum of the applying school district or charter school to ensure that those school districts and charter schools with the least degree of integration receive the grants first;

(2) the degree to which the applicant's proposed plan for using the grant moneys will result in integration of information technology tools and scientific equipment in a

manner that measurably improves teaching and learning;

(3) the validity, clarity, and measurability of the goals established by the applicant and the validity of the proposed methods for measuring achievement of the goals;

(4) the accountability system of specific measures and deliverables to determine a baseline and annually assess improvements in teaching and learning;

(5) any other financial resources available to the applicant for integrating information technology education into the curriculum;

(6) the degree to which the applicant is cooperating or partnering with businesses to improve the availability and integration of information technology education in the curriculum; the State Board of Education shall apply this criteria with the goal of encouraging such partnerships;

(7) the strength and capacity of the applicant to collaborate with the science, technology, engineering and mathematics education center network under Section 4.5 of the Illinois Mathematics and Science Academy Law and to provide open source networking with other public schools in this State; and

(8) any other criteria established by rule of the State Board of Education to ensure that grants are awarded to school districts and charter schools that demonstrate the greatest need and the most valid, effective plan for integrating information technology education into the

curriculum.

(g) In awarding grants through the grant program, the State Board of Education shall ensure, to the extent possible, that the grants are awarded to school districts and charter schools in all areas of this State.

(h) Nothing in this Section shall be construed to limit or otherwise affect any school district's ability to enter into an agreement with or receive funds from any private entity.

(i) Each school district and charter school that receives a grant through the grant program created under this Section shall, by August 1 of the school year for which the grant was awarded, submit to the State Board of Education a report specifying the following information:

(1) the manner in which the grant moneys were used;

(2) the progress made toward achieving the goals specified in the grant recipient's application;

(3) any additional entities and businesses with whom the grant recipient has contracted or partnered with the goal of achieving greater integration of information technology education in the 9th grade through 12th grade curriculum;

(4) the recipient school district's and charter school's plan for continuing the integration of information technology education into the curriculum, regardless of whether the grant is renewed; and

(5) any other information specified by rule of the

State Board of Education.

(j) Notwithstanding subsection (i) of this Section, a recipient school need not submit a report for any academic year in which no grants are made through the grant program.

(k) The Digital Learning Technology Grant Fund is created as a special fund in the State treasury. All money in the Fund shall be used, subject to appropriation, by the State Board of Education for the purpose of funding grants under this Section.

(l) The State Board of Education may solicit and accept money in the form of gifts, contributions, and grants to be deposited into the Digital Learning Technology Grant Fund. The acceptance of federal grants for purposes of this Section does not commit State funds nor place an obligation upon the General Assembly to continue the purposes for which the federal funds are made available.

(105 ILCS 5/2-3.149 new)

Sec. 2-3.149. Best practices clearinghouse.

(a) Beginning July 1, 2010 and subject to appropriation, the State Board of Education shall establish an online clearinghouse of information relating to best practices of campuses and school districts regarding instruction, public school finance, resource allocation, and business practices. To the extent practicable, the State Board of Education shall ensure that information provided through the online clearinghouse is specific, actionable information relating to the best practices of high-performing and highly efficient school districts rather than general guidelines relating to school district operation. The information must be accessible by school districts and interested members of the public.

(b) The State Board of Education shall solicit and collect from exemplary or recognized school districts, charter schools, and other institutions determined by the State Board of Education examples of best practices relating to instruction, public school finance, resource allocation, and business practices, including best practices relating to curriculum, scope and sequence, compensation and incentive systems, bilingual education and special language programs, compensatory education programs, and the effective use of instructional technology, including online courses.

(c) The State Board of Education may contract for the services of one or more third-party contractors to develop, implement, and maintain a system of collecting and evaluating the best practices of campuses and school districts as provided by this Section. In addition to any other considerations required by law, the State Board of Education must consider an applicant's demonstrated competence and qualifications in analyzing school district practices in awarding a contract under this subsection (c).

(d) The State Board of Education may purchase from available funds curriculum and other instructional tools identified under this Section to provide for use by school districts.

(105 ILCS 5/2-3.150 new)

Sec. 2-3.150. The Science, Technology, Engineering, and Mathematics Education Center Grant Program.

(a) As used in this Section, unless the context otherwise requires:

"Grant program" means the science, technology, engineering, and mathematics education center grant program created in this Section.

"Science, technology, engineering, and mathematics education" or "STEM" means learning experiences that integrate innovative curricular, instructional, and assessment strategies and materials, laboratory and mentorship experiences, and authentic inquiry-based and problem centered instruction to stimulate learning in the areas of science, technology, engineering, and mathematics.

"Science, technology, engineering, and mathematics education innovation center" means a center operated by a school district, a charter school, the Illinois Mathematics and Science Academy, or a joint collaborative partnership that provides STEM teaching and learning experiences, materials, laboratory and mentorship experiences, and educational seminars, institutes or workshops for students and teachers.

(b) The Illinois Mathematics and Science Academy, in consultation and partnership with the State Board of Education, the Board of Higher Education, the business community, the entrepreneurial technology community, and professionals, including teachers, in the field of science, technology, engineering, and mathematics shall create a strategic plan for developing a whole systems approach to redesigning prekindergarten through grade 12 STEM education in this State, including, but not limited to, designing and creating integrative teaching and learning networks among science, technology, engineering, and mathematics innovation education centers, university and corporate research facilities, and established STEM laboratories, businesses, and the Illinois Mathematics and Science Academy.

(c) At a minimum, the plan shall provide direction for program design and development, including the following:

(1) continuous generation and sharing of curricular, instructional, assessment, and program development materials and information about STEM teaching and learning throughout the network;

(2) identification of curricular, instructional, and assessment goals that reflect the research in cognition and the development of creativity in STEM fields and the systemic changes in STEM education, so as to be consistent with inquiry-based and problem-centered instruction in science, technology, engineering, and mathematics. Such goals shall also reflect current frameworks, standards, and guidelines, such as those defined by the National

Research Council (National Academy of Science), the American Association for the Advancement of Science, the National Council of Teachers of Mathematics, the National Science Teachers Association, and professional associations in STEM fields;

(3) identification of essential teacher competencies and a comprehensive plan for recruiting, mentoring, and retaining STEM teachers, especially those in under-resourced schools and school districts; creation of a community of practice among STEM center educators and other teachers of science, technology, engineering, and mathematics as part of a network of promising practices in teaching; and the establishment of recruitment, mentoring, and retention plans for Golden Apple teachers in STEM fields and Illinois STEM teachers who have received national board certification and are also part of the STEM innovation network;

(4) a statement of desired competencies for STEM learning by students;

(5) a description of recommended courses of action to improve educational experiences, programs, practices, and service;

(6) the improvement of access and availability of STEM courses, especially for rural school districts and particularly to those groups which are traditionally underrepresented through the Illinois Virtual High School;

the plan shall include goals for using telecommunications facilities as recommended by a telecommunications advisory commission;

(7) expectations and guidelines for designing and developing a dynamic, creative, and engaged teaching network;

(8) a description of the laboratory and incubator model for the STEM centers;

(9) support for innovation and entrepreneurship in curriculum, instruction, assessment, and professional development; and

(10) cost estimates.

(d) The plan shall provide a framework that enables the teachers, school districts, and institutions of higher education to operate as an integrated system. The plan shall provide innovative mechanisms and incentives to the following:

(1) educational providers, as well as professional associations, business and university partners, and educational receivers (students and teachers) at the prekindergarten through grade 12 and postsecondary levels to design and implement innovative curricula, including experiences, mentorships, institutes, and seminars and to develop new materials and activities for these;

(2) course providers and receivers for leveraging distance learning technologies through the Illinois Virtual High School and applying distance learning

instructional design techniques, taking into consideration the work of a telecommunications advisory commission;

(3) prekindergarten through grade 12 teachers to encourage them to take graduate STEM courses and degree programs; such incentives may include a tuition matching program;

(4) appropriate State agencies, federal agencies, professional organizations, public television stations, and businesses and industries to involve them in the development of the strategic plan; and

(5) businesses, industries, and individuals for volunteering their time and community resources.

(e) The plan shall provide a mechanism for incorporating the cost for accomplishing these goals into the ongoing operating budget beginning in 2010.

(f) There is created the Science and Technology Education Center Grant Program to provide development and operating moneys in the form of matching funds for existing or proposed nonprofit STEM education centers. At a minimum, each STEM center that receives a grant shall not only provide STEM education activities to students enrolled in the school district or charter school and materials and educational workshops to teachers employed by the school district or charter school, but also, as part of generative and innovative teaching and learning network, shall share information with all STEM centers, the Illinois Mathematics and Science Academy, and partner associations or businesses.

(g) School districts, charter schools, the Illinois Mathematics and Science Academy, and joint collaborative partnerships may establish science and technology education centers or may contract with regional offices of education, intermediate service centers, public community colleges, 4-year institutions of higher education, non-profit or for-profit education providers, youth service agencies, community-based organizations, or other appropriate entities to establish science and technology education centers within the public school system. Districts and charter schools may individually operate alternative learning opportunities programs or may collaborate with 2 or more districts or charter schools or do both to create and operate science and technology education centers.

(h) Beginning with the 2009-2010 school year, the State Board of Education shall, subject to available appropriations, annually award one or more science, technology, engineering, and mathematics education center grants for the development and operation of STEM centers.

A school district, a charter school, the Illinois Mathematics and Science Academy, or a joint collaborative partnership may apply for a STEM center grant pursuant to procedures and time lines specified by rule of the State Board of Education.

(i) The State Board of Education, in selecting one or more school districts, charter schools, or joint collaborative partnerships or the Illinois Mathematics and Science Academy for receipt of a grant, shall give priority to applicants that are geographically located farthest from other STEM centers or applicants that have less opportunity for science, technology, engineering, and mathematics resource support. The State Board shall also consider the following factors:

(1) the facility, equipment, and technology that are or will be provided and the activities and range of programs that are or will be offered by the STEM education center;

(2) the strength and capacity of the school district or charter school to work as a network cooperatively with the Illinois Mathematics and Science Academy, other STEM centers, universities and STEM laboratories, businesses, and industries; and

(3) recommendations of the Illinois P-20 Council and the Illinois Mathematics and Science Academy.

(j) A STEM center grant shall be payable from moneys appropriated to the STEM Education Center Grant Fund.

The State Board of Education shall specify the amount to be awarded to each school district, charter school, or joint collaborative partnership that is selected to receive a grant and to the Illinois Mathematics and Science Academy, if selected to receive a grant. The amount awarded to a new STEM center for start-up costs shall not exceed $1,000,000 for the first fiscal year and may not be renewed. The amount awarded to an operating STEM center for operating costs shall not exceed $500,000 for one fiscal year and shall be renewed annually for 5 consecutive years if the STEM center is meeting its accountability goals and its role as an active partner in a generative teaching and learning network.

(k) Each school district, charter school, or joint collaborative partnership that receives a grant pursuant to the grant program and the Illinois Mathematics and Science Academy, if selected to receive a grant, shall demonstrate, prior to receiving any actual moneys, that the center has received or has a written commitment for matching funds from other public or private sources in the amount of a dollar-for-dollar match with the amount of the grant. This requirement may be waived upon application to and approval by the State Board of Education based on a showing of continued need or financial hardship.

(l) The State Board of Education shall promulgate such rules as are required in this Section and such additional rules as may be required for implementation of the grant program.

(m) Each school district or charter school that receives a grant through the grant program shall, by the close of each school year for which the grant was awarded, submit to the Illinois Mathematics and Science Academy and the State Board of Education a report specifying the following information:

(1) the manner in which the grant money was used;

(2) the progress made toward achieving the goals and

producing the deliverables specified in the grant recipient's application;

(3) any additional entities and businesses with whom the grant recipient has contracted or partnered with the goal of achieving greater integration of information technology education in prekindergarten through grade 12 curriculum;

(4) the recipient school district's or charter school's plan for continuing the integration of information technology education into the curriculum, regardless of whether the grant is renewed;

(5) the documentation demonstrating effective digital collaboration and networking, technological cooperation and sharing, and personal networking via innovative, entrepreneurial networks;

(6) a description of innovative instructional methods;

(7) evidence of staff training and outreach to teachers beyond those working in the STEM education center; and

(8) any other information specified by rule of the State Board of Education.

(n) Notwithstanding the other provisions of this Section, a recipient school need not submit a report for any academic year in which no grants are made through the grant program.

(o) The STEM Education Center Grant Fund is created as a special fund in the State treasury. All money in the Fund shall be used, subject to appropriation, by the State Board of

Education for the purpose of funding science, technology, engineering, and mathematics education center grants awarded under this Section.

(p) The State Board of Education may solicit and accept money in the form of gifts, contributions, and grants to be deposited in the STEM Education Center Grant Fund. The acceptance of federal grants for purposes of this Section does not commit State funds nor place an obligation upon the General Assembly to continue the purposes for which the federal funds are made available.

(105 ILCS 5/2-3.151 new)

Sec. 2-3.151. School Improvement Partnership Pool Fund.

(a) The School Improvement Partnership Pool Fund is created as a special fund in the State treasury. All interest earned on moneys in the Fund shall be deposited into the Fund. The School Improvement Partnership Pool Fund shall not be subject to sweeps, administrative charges, or charge-backs, such as, but not limited to, those authorized under Section 8h of the State Finance Act, nor any other fiscal or budgetary maneuver that would in any way transfer any funds from the School Improvement Partnership Pool Fund into any other fund of the State.

(b) Beginning in Fiscal Year 2011, moneys in the School Improvement Partnership Pool Fund shall be used, subject to appropriation, by the State Board of Education for a competitive grant program to provide school districts with demonstrated academic and financial need quality, integrated support systems, such as training for staff, tutoring programs for students, small school initiatives, literacy coaching, proven programs such as reduced class size, extended learning time, and after school and summer school programs, programs to engage parents, and other systems as determined by the State Board of Education.

(c) School districts eligible to apply to the State Board of Education for a grant under subsection (b) of this Section shall be limited to those (i) with any school that has not met adequate yearly progress under the federal No Child Left Behind Act of 2001 for at least 2 consecutive years or (ii) that have been designated through the State Board of Education's School District Financial Profile System as on financial warning or financial watch status. The State Board may, by rule, establish any additional procedures with respect to this grant program.

(105 ILCS 5/2-3.152 new)

Sec. 2-3.152. Resource management service.

(a) The State Board of Education shall establish and maintain an Internet web-based resource management service for all school districts on or before July 1, 2013.

(b) The resource management service shall identify resource configurations that contribute to improving internal resources for instructional programs, provide action-oriented analysis and solutions, and give school districts the ability to explore different scenarios of resource allocation.

(c) Annually, by the first day of October, an Internet web-based preliminary resource allocation report must be generated for each school district and delivered via the Internet to each district superintendent for use by the management team and the exclusive bargaining agents of the school district's employees. This report shall identify potential cost savings or resource reallocation opportunities for the district in 5 core areas of school district spending. These core areas are instruction, operation and maintenance, transportation, food service, and central services. This analysis shall show district spending in detailed subcategories compared to demographically or operationally similar peer school districts. The web-based resource allocation reports generated under this Section constitute preliminary drafts, notes, recommendations, memoranda, and other records in which opinions are expressed or policies or actions are formulated and therefore exempt from disclosure under subdivision (f) of subsection (1) of Section 7 of the Freedom of Information Act.

(d) Each school district shall have the ability through the on-line resource allocation report to test various resource allocation scenarios relative to pre-defined peers as well as geographic peers and the most efficient peers statewide. Each district shall have the ability to choose specific combinations of districts for comparison.

(e) The resource management service shall contain, based on the spending and demographic profile of the school district, action-oriented information, such as effective best practices in schools districts, diagnostic questions, and other management or community considerations that may be implemented to capture savings identified in the resource allocation report.

(f) The resource management service must be initiated and maintained through a contract between the State Board of Education and an independent third party specializing in school market research within this State and the United States. Costs to establish and maintain this service and train school district personnel in the use of this service shall be supplied by the General Assembly to the State Board of Education through an annual appropriation of no less than $2 per student based on the prior year total of enrolled students in public schools in this State. Up to 25% of the annual appropriation may be allocated by the State Board of Education to hire personnel and facilitate data collection. No less than 25% of the annual appropriation shall be utilized by the State Board of Education to deliver training to school district personnel in the use of the management service. Such training shall be delivered by certificated school business officials or State Board of Education trained personnel and may be provided through administrator academies and mentoring programs. The State Board of Education may establish contracts with other organizations to provide such training and mentoring.

In the event that a district does not employ a certificated school business official, a least one employee must be trained and certified in the use of the resource management service. In addition, a representative of the exclusive bargaining agents of the school district's employees shall be invited to be trained and certified.

(g) The State Board of Education shall identify the data required to implement the resource management service and develop annual data reporting instruments designed to collect the information from each school district.

The State Board of Education may provide grants to school districts to permit those school districts to develop and implement a plan for a shared services agreement in the following areas: operation and maintenance and central services.

(h) Annually, the certificated school business official or resource management service trained employee in each school district shall review and certify that the resource allocation report has been received and reviewed by the management team and the exclusive bargaining agent of the district. Subsequently, a report must be filed with the State Board of Education identifying the considerations that will be studied as a result of such analysis. In addition, any implementation of strategies or reallocation of resources associated with the resource management service must be annually reported to the

Board of Education, the exclusive bargaining agents of the school district's employees, and, subsequently, the State Board of Education. The State Board shall annually prepare a cumulative report to be posted electronically containing those initiatives studied and implemented on a statewide basis.

(105 ILCS 5/3-6.5 new)

Sec. 3-6.5. Regional office evaluation and accountability.

(a) The State Board of Education shall contract with a third party to maintain information regarding the performance of regional education service centers. Such information shall include the following:

(1) district effectiveness and efficiency in districts served resulting from technical assistance and program support;

(2) direct services provided or regionally shared services arranged by the service center that produce more economical and efficient school operations;

(3) direct services provided or regionally shared services arranged by the service center that provide for assistance in core services; and

(4) grants received for implementation of State initiatives and the results achieved by the service center under the terms of the grant contract.

Regional offices of education and educational service centers must promptly comply with any requests for information under this Section from the State Board of Education or its third party contractor.

(b) The regional superintendent of schools shall report, in writing, to the governing county board or boards, no later than January 1, 2011 and each January 1 thereafter, stating (i) the balance on hand at the time of the last report and all receipts since that date, with the sources from which they were derived; (ii) the amount distributed to each of the school treasurers in the governing county or counties; and (iii) any balance on hand. At the same time the regional superintendent shall present for inspection his or her books and vouchers for all expenditures, and submit in writing a statement of the condition of the institute fund and of any other funds in his or her care, custody, or control.

(c) Each regional superintendent of schools, whether for a multi-county or for a single county educational service region, shall present for inspection or otherwise make available to the Auditor General, or to the agents designated by the Auditor General, all financial statements, books, vouchers, and other records required to be so presented or made available pursuant to Section 2-3.17a of this Code and the rules of the Auditor General pursuant to that Section.

(d) Beginning December 1, 2011, and annually thereafter, the State Board of Education shall, through the contractor referenced in subsection (a) of this Section, publish, online, a cumulative report with information about each regional office

<u>of education and educational service center. Each report must include, with respect to the prior fiscal year, the following:</u>

<u>(1) an audit of the office's finances, which shall be provided by the Auditor General to the State Board of Education or its third party contractor for this purpose;</u>

<u>(2) the information required to be maintained under subsection (a) of this Section; and</u>

<u>(3) the results of the service evaluation report annually made by the Office of the Lieutenant Governor pursuant to Section 2-3.112 of this Code.</u>

(105 ILCS 5/3-7) (from Ch. 122, par. 3-7)

Sec. 3-7. Failure to prepare and forward information. If the trustees of schools of any township in Class II county school units, or any school district which forms a part of a Class II county school unit but which is not subject to the jurisdiction of the trustees of schools of any township in which such district is located, or any school district in any Class I county school units fail to prepare and forward or cause to be prepared and forwarded to the regional superintendent of schools, reports required by this Act, the regional superintendent of schools shall furnish such information or he shall employ a person or persons to furnish such information, as far as practicable. Such person shall have access to the books, records and papers of the school district to enable him or them to prepare such reports, and the school district shall permit such person or persons to examine such books, records and papers at such time and such place as such person or persons may desire for the purpose aforesaid. For such services the regional superintendent of schools shall bill the district an amount to cover the cost of preparation of such reports if he employs a person to prepare such reports.

Each school district shall, as of June 30 of each year, cause an audit of its accounts to be made by a person lawfully qualified to practice public accounting as regulated by the Illinois Public Accounting Act. Such audit shall include (i) development of a risk assessment of district internal controls, (ii) an annual review and update of the risk assessment, and (iii) an annual management letter that analyzes significant risk assessment findings, recommends changes for strengthening controls and reducing identified risks, and specifies timeframes for implementation of these recommendations, as well as financial statements of the district applicable to the type of records required by other sections of this Act and in addition shall set forth the scope of audit and shall include the professional opinion signed by the auditor, or if such an opinion is denied by the auditor, shall set forth the reasons for such denial. Each school district shall on or before October 15 of each year, submit an original and one copy of the ~~such~~ audit to the regional superintendent of schools in the educational service region having jurisdiction in which case the regional superintendent of schools shall be relieved of responsibility in regard to the accounts of the school district. If any school district fails to supply the regional superintendent of schools with a copy of such audit report on or before October 15, or within such time extended by the regional superintendent of schools from that date, not to exceed 60 days, then it shall be the responsibility of the regional superintendent of schools having jurisdiction to cause such audit to be made by employing an accountant licensed to practice in the State of Illinois to conduct such audit and shall bill the district for such services, or shall with the personnel of his office make such audit to his satisfaction and bill the district for such service. In the latter case, if the audit is made by personnel employed in the office of the regional superintendent of schools having jurisdiction, then the regional superintendent of schools shall not be relieved of the responsibility as to the accountability of the school district. The copy of the audit shall be forwarded by the regional superintendent to the State Board of Education on or before November 15 of each year and shall be filed by the State Board of Education. Beginning on July 1, 2010, all school districts shall utilize a competitive request for proposals process at least once every 5 years when contracting for such an annual audit, provided that school districts with existing contracts of less than 5 years in length that are in effect on July 1, 2010 shall utilize a competitive request for proposals process when contracting for an annual audit after the expiration date of the existing contract.

Each school district that is the administrative district for several school districts operating under a joint agreement as authorized by this Act shall, as of June 30 each year, cause an audit of the accounts of the joint agreement to be made by a person lawfully qualified to practice public accounting as regulated by the Illinois Public Accounting Act. Such audit shall include (i) development of a risk assessment of district internal controls, (ii) an annual review and update of the risk assessment, and (iii) an annual management letter that analyzes significant risk assessment findings, recommends changes for strengthening controls and reducing identified risks, and specifies timeframes for implementation of these recommendations, as well as financial statements of the operation of the joint agreement applicable to the type of records required by this Act and, in addition, shall set forth the scope of the audit and shall include the professional opinion signed by the auditor, or if such an opinion is denied, the auditor shall set forth the reason for such denial. Each administrative district of a joint agreement shall on or before October 15 each year, submit an original and one copy of such audit to the regional superintendent of schools in the educational service region having jurisdiction in which case the regional superintendent of schools shall be relieved of responsibility in regard to the accounts of the joint agreement. The copy of the audit shall be forwarded by the regional superintendent to the State Board of Education on or before November 15 of each year and shall be filed by the State Board of Education. The cost of such an audit shall be apportioned among and paid by the several districts who are parties to the joint agreement, in the same manner as other costs and expenses accruing to the districts jointly. Beginning on July 1, 2010, all school districts operating under a joint agreement shall utilize a competitive request for proposals process at least once every 5 years when contracting for such an annual audit, provided that all school districts operating under a joint agreement with existing contracts of less than 5 years in length that are in effect on July 1, 2010 shall utilize a competitive request for proposals process when contracting for an annual audit after the expiration date of the existing contract.

The State Board of Education shall determine the adequacy of the audits. All audits shall be kept on file in the office of the State Board of Education.

(Source: P.A. 86-1441; 87-473.)

(105 ILCS 5/10-16.10 new)

Sec. 10-16.10. Board member leadership training.

(a) This Section shall apply to all school board members serving pursuant to Section 10-10 of this Code who have been elected on or after the effective date of this amendatory Act of the 96th General Assembly or appointed to fill a vacancy of at least one year's duration on or after the effective date of this amendatory Act of the 96th General Assembly.

(b) It is the policy of this State to encourage every voting member of a board of education of a school district elected or appointed for a term beginning on or after the effective date of this amendatory Act of the 96th General Assembly, within a year after the effective date of this amendatory Act of the 96th General Assembly or the first year of his or her term, to complete a minimum of 4 hours of professional development leadership training covering topics in education and labor law, financial oversight and accountability, and fiduciary responsibilities of a school board member.

(c) The training on financial oversight, accountability, and fiduciary responsibilities may be provided by an association established under this Code for the purpose of training school board members or by other qualified providers approved by the State Board of Education, in conjunction with an association so established.

(105 ILCS 5/10-17a) (from Ch. 122, par. 10-17a)

Sec. 10-17a. Better schools accountability.

(1) Policy and Purpose. It shall be the policy of the State of Illinois that each school district in this State, including special charter districts and districts subject to the provisions of Article 34, shall submit to parents, taxpayers of

such district, the Governor, the General Assembly, and the State Board of Education a school report card assessing the performance of its schools and students. The report card shall be an index of school performance measured against statewide and local standards and will provide information to make prior year comparisons and to set future year targets through the school improvement plan.

(2) Reporting Requirements. Each school district shall prepare a report card in accordance with the guidelines set forth in this Section which describes the performance of its students by school attendance centers and by district and the district's financial resources and use of financial resources. Such report card shall be presented at a regular school board meeting subject to applicable notice requirements, posted on the school district's Internet web site, if the district maintains an Internet web site, made available to a newspaper of general circulation serving the district, and, upon request, sent home to a parent (unless the district does not maintain an Internet web site, in which case the report card shall be sent home to parents without request). If the district posts the report card on its Internet web site, the district shall send a written notice home to parents stating (i) that the report card is available on the web site, (ii) the address of the web site, (iii) that a printed copy of the report card will be sent to parents upon request, and (iv) the telephone number that parents may call to request a printed copy of the report card.

In addition, each school district shall submit the completed report card to the office of the district's Regional Superintendent which shall make copies available to any individuals requesting them.

The report card shall be completed and disseminated prior to October 31 in each school year. The report card shall contain, but not be limited to, actual local school attendance center, school district and statewide data indicating the present performance of the school, the State norms and the areas for planned improvement for the school and school district.

(3) (a) The report card shall include the following applicable indicators of attendance center, district, and statewide student performance: percent of students who exceed, meet, or do not meet standards established by the State Board of Education pursuant to Section 2-3.25a; growth model assessment estimates for each district, subject to a statewide growth model assessment system being established and data being available pursuant to Section 2-3.64b of this Code; composite and subtest means on nationally normed achievement tests for college bound students; student attendance rates; chronic truancy rate; dropout rate; graduation rate; and student mobility, turnover shown as a percent of transfers out and a percent of transfers in.

(b) The report card shall include the following descriptions for the school, district, and State: average class size; amount of time per day devoted to mathematics, science, English and social science at primary, middle and junior high school grade levels; number of students taking the Prairie State Achievement Examination under subsection (c) of Section 2-3.64, the number of those students who received a score of excellent, and the average score by school of students taking the examination; pupil-teacher ratio; pupil-administrator ratio; operating expenditure per pupil; district expenditure by fund; average administrator salary; and average teacher salary. The report card shall also specify the amount of money that the district receives from all sources, including without limitation subcategories specifying the amount from local property taxes, the amount from general State aid, the amount from other State funding, and the amount from other income. The report card shall also include the 5 components of the financial rating and the total financial rating scores from the State Financial Profile.

(c) The report card shall include applicable indicators of parental involvement in each attendance center. The parental involvement component of the report card shall include the percentage of students whose parents or guardians have had one or more personal contacts with the students' teachers during the school year concerning the students' education, and such other information, commentary, and suggestions as the school district desires. For the purposes of this paragraph, "personal contact" includes, but is not limited to, parent-teacher conferences, parental visits to school, school visits to home, telephone conversations, and written correspondence. The parental involvement component shall not single out or identify individual students, parents, or guardians by name.

(d) The report card form shall be prepared by the State Board of Education and provided to school districts by the most efficient, economic, and appropriate means.

<u>(e) The report card shall include an indicator describing whether the school district has improved, declined, or remained stable in the aggregate percentage of students making at least one-year's academic growth each year, subject to a statewide growth model assessment system being established and data being available pursuant to Section 2-3.64b of this Code.</u>

<u>(f) Except for schools in a school district organized under Article 34 of this Code, the report card shall include a comparison of the following indicators to a benchmark group of at least 5 schools that have similar demographics as defined by the State Board of Education:</u>

<u>(1) percentage of students in the aggregate making one year's progress in one year's time in reading, writing, and mathematics, subject to a statewide growth model assessment system being established and data being available pursuant to Section 2-3.64b of this Code;</u>

<u>(2) State Financial Profile rating; and</u>

<u>(3) instruction per pupil expenditures.</u>

(Source: P.A. 95-331, eff. 8-21-07.)

(105 ILCS 5/10-17b new)

Sec. 10-17b. Financial policies. Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, each school board shall adopt a formal, written financial policy. The policy may include information in the following areas:

(1) Debt capacity, issuance, and management.

(2) Capital asset management.

(3) Reserve or stabilization fund goals.

(4) Periodic budget to actual comparison reports.

(5) Fees and charges.

(6) The use of one-time revenue.

(7) Risk management related to internal controls.

(8) Purchasing.

(9) Vehicle acquisition and maintenance.

The school board shall make the policy publicly available.

(105 ILCS 5/10-17c new)

Sec. 10-17c. Long-term financial plan. Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, each school board shall develop a long-term financial plan that extends over at least a 3-year period and that is updated and approved annually. The plan must include multi-year forecasts of revenues, expenditures, and debt. The school board may make the plan available to the public by publishing it as a separate document and submitting it with the annual budget or by posting the plan as a document on the school district's Internet website, if any. The forecasts that are the foundation of the plan must be available to participants in the budget process before budgetary decisions are made. The public must be provided opportunities for providing dialog with respect to the long-term financial planning process. Public access and review shall take place as part of the official budget hearing process in accordance with Section 17-1 of this Code, which requires the posting of notice and making documents available to the general public at least 30 days in advance of the budget hearing.

(105 ILCS 5/10-17d new)

Sec. 10-17d. Capital improvement plan. Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, each school board shall develop a 5-year capital improvement plan that is updated and approved annually. The plan must include a summary list of the description of the capital projects to be completed over the next 5 years, along with projected expenditures, and revenue sources. The school board shall make the plan available to the public. The school board shall hold a public hearing on the capital improvement plan, which hearing may be held at a regularly scheduled meeting of the board. This hearing shall be held in the same manner and subject to the same notice and other requirements as the public hearing required prior to adoption of the budget in conformity with Section 17-1 of this Code, which requires the posting of notice and making documents available to the general public at least 30 days in advance of the budget hearing.

(105 ILCS 5/10-20.20) (from Ch. 122, par. 10-20.20)

Sec. 10-20.20. Protection from suit.~~)~~ To indemnify and protect school districts, members of school boards, employees, volunteer personnel authorized in Sections 10-22.34, 10-22.34a and 10-22.34b of this Code, mentors of certified staff as authorized in Article 21A and Sections 2-3.53a, 2-3.53b, and 34-18.33 of this Code, and student teachers against civil rights damage claims and suits, constitutional rights damage claims and suits and death and bodily injury and property damage claims and suits, including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the board or related to any mentoring services provided to certified staff of the school district. Such indemnification and protection shall extend to persons who were members of school boards, employees of school boards, authorized volunteer personnel, mentors of certified staff, or student teachers at the time of the incident from which a claim arises. No agent may be afforded indemnification or protection unless he was a member of a school board, an employee of a board, an authorized volunteer, a mentor of certified staff, or a student teacher at the time of the incident from which the claim arises.

(Source: P.A. 79-210.)

(105 ILCS 5/10-20.45)

Sec. 10-20.45 ~~10-20.41~~. Pay for performance.

(a) In this Section:

"Growth model assessment" means the statewide growth model assessment system established by the State Board of Education to measure the annual increase or growth in each student's performance relative to a standard year of academic growth on the assessments provided for in Section 2-3.64b of this Code and other performance indicators that the State Board identifies and that reliably estimates school district, school, and teacher effects on students' academic achievement over time, controls for student characteristics, and uses an independently verifiable statistical methodology to produce such estimates.

"Value-added" means the improvement gains in student achievement that are made each year based on pre-test and post-test outcomes.

A ~~Beginning with all newly-negotiated collective bargaining agreements entered into after the effective date of this amendatory Act of the 95th General Assembly, a~~ school board and the exclusive bargaining representative~~, if any,~~ may include a performance-based teacher compensation plan in ~~the subject of~~ its collective bargaining agreement. Nothing in this Section shall preclude the school board and the exclusive bargaining representative from agreeing to and implementing a ~~new~~ performance-based teacher compensation plan prior to the termination of a ~~the current~~ collective bargaining agreement in existence on the effective date of this amendatory Act of the 96th General Assembly.

(b) The ~~new~~ teacher compensation plan bargained and agreed to by the school board and the exclusive bargaining representative under subsection (a) of this Section shall provide certificated personnel with base salaries and shall also provide that any increases in the compensation of individual teachers or groups of teachers beyond base salaries shall be pursuant, but not limited to, any of the following elements:

(1) Excellent ~~Superior~~ teacher evaluations based on multiple evaluations of their classroom teaching.

(2) A ~~Evaluation of a~~ teacher's student classroom-level achievement growth as measured using a growth model assessment or a value-added model. ~~"Value-added" means the improvement gains in student achievement that are made each year based on pre-test and post-test outcomes.~~

(3) School-level ~~Evaluation of school-level~~

achievement growth as measured using a growth model assessment or a value-added model. ~~"Value-added" means the improvement gains in student achievement that are made each year based on pre-test and post-test outcomes.~~

(4) Demonstration of superior, outstanding performance by an individual teacher or groups of teachers through the meeting of unique and specific teaching practice objectives defined and agreed to in advance in any given school year.

(5) Preparation for meeting and contribution to the broader needs of the school organization (e.g., curriculum development, family liaison and community outreach, implementation of a professional development program for faculty, and participation in school management).

(c) (Blank). ~~A school board and exclusive bargaining representative that initiate their own performance-based teacher compensation program shall submit the new plan to the State Board of Education for review not later than 150 days before the plan is to become effective. If the plan does not conform to this Section, the State Board of Education shall return the plan to the school board and the exclusive bargaining representative for modification. The school board and the exclusive bargaining representative shall then have 30 days after the plan is returned to them to submit a modified plan.~~

(d) Nothing in this Section precludes a school board and an exclusive bargaining representative from agreeing to and implementing a performance-based teacher compensation plan that does not meet the requirements of subsection (b) of this Section and does not use standardized test scores as a basis for determining compensation under the plan in order to provide new incentives to improve student learning and to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

(Source: P.A. 95-707, eff. 1-11-08; revised 1-23-08.)

(105 ILCS 5/10-20.46 new)

Sec. 10-20.46. School district financial accountability.

(a) A school board shall annually include a user-friendly executive summary as part of the district's budget. The executive summary shall include all of the following:

(1) The district's major goals and objectives.

(2) A discussion of the major financial factors and trends affecting the budget, such as changes in revenues, enrollment, and debt.

(3) A description of the budget process.

(4) An overview of revenues and expenditures for all funds, including at least 3 to 5 years of prior and future trends, based on data from the annual financial report.

(5) An explanation of significant financial and

demographic trends.

(6) An explanation of the reasons for a budget deficit and an explanation of how the deficit is being addressed in accordance with Section 17-1 of this Code.

(7) A budget forecast for at least 3 to 5 years in the future.

(8) Student enrollment trends, including a future forecast.

(9) The number of personnel by type.

(10) Changes in both the long term and short term debt burden.

(b) Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, a school board shall annually include in the full budget document the following items; any or all of the following items may be published as separate documents provided that they are explicitly referenced in the annual budget and attached thereto and provided that they are made publicly available at the same time as the tentative budget document:

(1) An organizational chart.

(2) Formal financial policies pursuant to Section 10-17b of this Code.

(3) The district's long-term financial plan pursuant to Section 10-17c of this Code or a summary of the long-term financial plan.

(4) The district's capital improvement plan pursuant

to Section 10-17d of this Code or a summary of the capital improvement plan.

(105 ILCS 5/10-22.45) (from Ch. 122, par. 10-22.45)

Sec. 10-22.45. A school board shall ~~To~~ establish an audit committee, which may include ~~and to appoint~~ members of the board, ~~or~~ other appropriate officers, or persons who do not serve on the board ~~to the committee~~, to review audit reports and any other financial reports and documents, including management letters prepared by or on behalf of the board. Nothing in this Section prohibits a school district from maintaining its own internal audit function.

(Source: P.A. 82-644.)

(105 ILCS 5/14-13.01) (from Ch. 122, par. 14-13.01)

Sec. 14-13.01. Reimbursement payable by State; Amounts. Reimbursement for furnishing special educational facilities in a recognized school to the type of children defined in Section 14-1.02 shall be paid to the school districts in accordance with Section 14-12.01 for each school year ending June 30 by the State Comptroller out of any money in the treasury appropriated for such purposes on the presentation of vouchers by the State Board of Education.

The reimbursement shall be limited to funds expended for construction and maintenance of special education facilities designed and utilized to house instructional programs, diagnostic services, other special education services for children with disabilities and reimbursement as provided in Section 14-13.01. There shall be no reimbursement for construction and maintenance of any administrative facility separated from special education facilities designed and utilized to house instructional programs, diagnostic services and other special education services for children with disabilities.

(a) For children who have not been identified as eligible for special education and for eligible children with physical disabilities, including all eligible children whose placement has been determined under Section 14-8.02 in hospital or home instruction, 1/2 of the teacher's salary but not more than $1,000 annually per child or $8,000 per teacher for the 1985-1986 school year through the 2005-2006 school year and $1,000 per child or $9,000 per teacher for the 2006-2007 school year through the 2008-2009 school year, $11,839 per teacher for the 2009-2010 school year, $12,786 per teacher for the 2010-2011 school year, $14,679 per teacher for the 2011-2012 school year, and $20,358 per teacher for the 2012-2013 school year ~~and for each school year thereafter~~, whichever is less. Thereafter, the reimbursement per teacher shall be increased annually by a percentage increase equal to the percentage increase, if any, in the U.S. Bureau of Labor Statistics' Employment Cost Index for Elementary and Secondary Schools for the then most recently completed calendar year. Children to be included in any reimbursement under this paragraph must regularly receive a minimum of one hour of instruction each school day, or in lieu thereof of a minimum of 5 hours of instruction in each school week in order to qualify for full reimbursement under this Section. If the attending physician for such a child has certified that the child should not receive as many as 5 hours of instruction in a school week, however, reimbursement under this paragraph on account of that child shall be computed proportionate to the actual hours of instruction per week for that child divided by 5.

(b) For children described in Section 14-1.02, 4/5 of the cost of transportation for each such child, whom the State Superintendent of Education determined in advance requires special transportation service in order to take advantage of special educational facilities. Transportation costs shall be determined in the same fashion as provided in Section 29-5. For purposes of this subsection (b), the dates for processing claims specified in Section 29-5 shall apply.

(c) For each professional worker excluding those included in subparagraphs (a), (d), (e), and (f) of this Section, the annual sum of $8,000 for the 1985-1986 school year through the 2005-2006 school year, ~~and~~ $9,000 for the 2006-2007 school year through the 2008-2009 school year, $11,839 for the 2009-2010 school year, $12,786 for the 2010-2011 school year, $14,679 for the 2011-2012 school year, and $20,358 for the 2012-2013 school year. Thereafter, the reimbursement per professional worker shall be increased annually by a percentage increase equal to the percentage increase, if any, in the U.S. Bureau of Labor Statistics' Employment Cost Index for Elementary and Secondary Schools for the then most recently completed calendar year ~~and for each school year thereafter~~.

(d) For one full time qualified director of the special education program of each school district which maintains a fully approved program of special education the annual sum of $8,000 for the 1985-1986 school year through the 2005-2006 school year, ~~and~~ $9,000 for the 2006-2007 through the 2008-2009 school year, $11,839 for the 2009-2010 school year, $12,786 for the 2010-2011 school year, $14,679 for the 2011-2012 school year, and $20,358 for the 2012-2013 school year. Thereafter, the reimbursement for the director shall be increased annually by a percentage increase equal to the percentage increase, if any, in the U.S. Bureau of Labor Statistics' Employment Cost Index for Elementary and Secondary Schools for the then most recently completed calendar year. ~~school year and for each school year thereafter~~. Districts participating in a joint agreement special education program shall not receive such reimbursement if reimbursement is made for a director of the joint agreement program.

(e) For each school psychologist as defined in Section 14-1.09 the annual sum of $8,000 for the 1985-1986 school year through the 2005-2006 school year, ~~and~~ $9,000 for the 2006-2007 school year through the 2008-2009 school year, $11,839 for the

2009-2010 school year, $12,786 for the 2010-2011 school year, $14,679 for the 2011-2012 school year, and $20,358 for the 2012-2013 school year. Thereafter, the reimbursement per school psychologist shall be increased annually by a percentage increase equal to the percentage increase, if any, in the U.S. Bureau of Labor Statistics' Employment Cost Index for Elementary and Secondary Schools for the then most recently completed calendar year ~~and for each school year thereafter~~.

(f) For each qualified teacher working in a fully approved program for children of preschool age who are deaf or hard-of-hearing the annual sum of $8,000 for the 1985-1986 school year through the 2005-2006 school year, ~~and~~ $9,000 for the 2006-2007 school year through the 2008-2009 school year, $11,839 for the 2009-2010 school year, $12,786 for the 2010-2011 school year, $14,679 for the 2011-2012 school year, and $20,358 for the 2012-2013 school year. Thereafter, the reimbursement per teacher shall be increased annually by a percentage increase equal to the percentage increase, if any, in the U.S. Bureau of Labor Statistics' Employment Cost Index for Elementary and Secondary Schools for the then most recently completed calendar year ~~and for each school year thereafter~~.

(g) For readers, working with blind or partially seeing children 1/2 of their salary but not more than $400 annually per child. Readers may be employed to assist such children and shall not be required to be certified but prior to employment shall meet standards set up by the State Board of Education.

(h) For necessary non-certified employees working in any class or program for children defined in this Article, 1/2 of the salary paid or $2,800 annually per employee through the 2005-2006 school year, ~~and~~ $3,500 per employee for the 2006-2007 school year through the 2008-2009 school year, $4,406 per employee for the 2019-2010 school year, $4,708 per employee for the 2010-2011 school year, $5,313 per employee for the 2011-2012 school year, and $7,126 per employee for the 2012-2013 school year ~~and for each school year thereafter~~, whichever is less. Thereafter, the reimbursement per employee shall be increased annually by a percentage increase equal to the percentage increase, if any, in the U.S. Bureau of Labor Statistics' Employment Cost Index for Elementary and Secondary Schools for the then most recently completed calendar year.

The State Board of Education shall set standards and prescribe rules for determining the allocation of reimbursement under this section on less than a full time basis and for less than a school year.

When any school district eligible for reimbursement under this Section operates a school or program approved by the State Superintendent of Education for a number of days in excess of the adopted school calendar but not to exceed 235 school days, such reimbursement shall be increased by 1/180 of the amount or rate paid hereunder for each day such school is operated in excess of 180 days per calendar year.

Notwithstanding any other provision of law, any school district receiving a payment under this Section or under Section 14-7.02, 14-7.02b, or 29-5 of this Code may classify all or a portion of the funds that it receives in a particular fiscal year or from general State aid pursuant to Section 18-8.05 of this Code as funds received in connection with any funding program for which it is entitled to receive funds from the State in that fiscal year (including, without limitation, any funding program referenced in this Section), regardless of the source or timing of the receipt. The district may not classify more funds as funds received in connection with the funding program than the district is entitled to receive in that fiscal year for that program. Any classification by a district must be made by a resolution of its board of education. The resolution must identify the amount of any payments or general State aid to be classified under this paragraph and must specify the funding program to which the funds are to be treated as received in connection therewith. This resolution is controlling as to the classification of funds referenced therein. A certified copy of the resolution must be sent to the State Superintendent of Education. The resolution shall still take effect even though a copy of the resolution has not been sent to the State Superintendent of Education in a timely manner. No classification under this paragraph by a district shall affect the total amount or timing of money the district is entitled to receive under this Code. No classification under this paragraph by a district shall in

any way relieve the district from or affect any requirements that otherwise would apply with respect to that funding program, including any accounting of funds by source, reporting expenditures by original source and purpose, reporting requirements, or requirements of providing services.
(Source: P.A. 95-415, eff. 8-24-07; 95-707, eff. 1-11-08.)

(105 ILCS 5/17-2.11c new)

Sec. 17-2.11c. Non-referendum bonds. Upon the certification of an architect and subsequent approval by the regional superintendent of schools and the State Board of Education, a board of education governing a school district having not more than 500,000 inhabitants may issue non-referendum bonds for the purposes described in Section 19-3 of this Code. Such bonds may be issued in excess of any statutory limitation as to debt prescribed in Article 19 of this Code.

(105 ILCS 5/18-8.05)

Sec. 18-8.05. Basis for apportionment of general State financial aid and supplemental general State aid to the common schools for the 1998-1999 and subsequent school years.

(A) General Provisions.

(1) The provisions of this Section apply to the 1998-1999 and subsequent school years. The system of general State

financial aid provided for in this Section is designed to assure that, through a combination of State financial aid and required local resources, the financial support provided each pupil in Average Daily Attendance equals or exceeds a prescribed per pupil Foundation Level. This formula approach imputes a level of per pupil Available Local Resources and provides for the basis to calculate a per pupil level of general State financial aid that, when added to Available Local Resources, equals or exceeds the Foundation Level. The amount of per pupil general State financial aid for school districts, in general, varies in inverse relation to Available Local Resources. Per pupil amounts are based upon each school district's Average Daily Attendance as that term is defined in this Section.

(2) In addition to general State financial aid, school districts with specified levels or concentrations of pupils from low income households are eligible to receive supplemental general State financial aid grants as provided pursuant to subsection (H). The supplemental State aid grants provided for school districts under subsection (H) shall be appropriated for distribution to school districts as part of the same line item in which the general State financial aid of school districts is appropriated under this Section.

(3) To receive financial assistance under this Section, school districts are required to file claims with the State Board of Education, subject to the following requirements:

(a) Any school district which fails for any given school year to maintain school as required by law, or to maintain a recognized school is not eligible to file for such school year any claim upon the Common School Fund. In case of nonrecognition of one or more attendance centers in a school district otherwise operating recognized schools, the claim of the district shall be reduced in the proportion which the Average Daily Attendance in the attendance center or centers bear to the Average Daily Attendance in the school district. A "recognized school" means any public school which meets the standards as established for recognition by the State Board of Education. A school district or attendance center not having recognition status at the end of a school term is entitled to receive State aid payments due upon a legal claim which was filed while it was recognized.

(b) School district claims filed under this Section are subject to Sections 18-9 and 18-12, except as otherwise provided in this Section.

(c) If a school district operates a full year school under Section 10-19.1, the general State aid to the school district shall be determined by the State Board of Education in accordance with this Section as near as may be applicable.

(d) (Blank).

(4) Except as provided in subsections (H) and (L), the

board of any district receiving any of the grants provided for in this Section may apply those funds to any fund so received for which that board is authorized to make expenditures by law.

School districts are not required to exert a minimum Operating Tax Rate in order to qualify for assistance under this Section.

(5) As used in this Section the following terms, when capitalized, shall have the meaning ascribed herein:

(a) "Average Daily Attendance": A count of pupil attendance in school, averaged as provided for in subsection (C) and utilized in deriving per pupil financial support levels.

(b) "Available Local Resources": A computation of local financial support, calculated on the basis of Average Daily Attendance and derived as provided pursuant to subsection (D).

(c) "Corporate Personal Property Replacement Taxes": Funds paid to local school districts pursuant to "An Act in relation to the abolition of ad valorem personal property tax and the replacement of revenues lost thereby, and amending and repealing certain Acts and parts of Acts in connection therewith", certified August 14, 1979, as amended (Public Act 81-1st S.S.-1).

(c-5) "ECI" means the Employment Cost Index as published by the U.S. Bureau of Labor Statistics.

(d) "Foundation Level": A prescribed level of per pupil financial support as provided for in subsection (B).

(e) "Operating Tax Rate": All school district property taxes extended for all purposes, except Bond and Interest, Summer School, Rent, Capital Improvement, and Vocational Education Building purposes.

(B) Foundation Level.

(1) The Foundation Level is a figure established by the State representing the minimum level of per pupil financial support that should be available to provide for the basic education of each pupil in Average Daily Attendance. As set forth in this Section, each school district is assumed to exert a sufficient local taxing effort such that, in combination with the aggregate of general State financial aid provided the district, an aggregate of State and local resources are available to meet the basic education needs of pupils in the district.

(2) For the 1998-1999 school year, the Foundation Level of support is $4,225. For the 1999-2000 school year, the Foundation Level of support is $4,325. For the 2000-2001 school year, the Foundation Level of support is $4,425. For the 2001-2002 school year and 2002-2003 school year, the Foundation Level of support is $4,560. For the 2003-2004 school year, the Foundation Level of support is $4,810. For the 2004-2005 school year, the Foundation Level of support is $4,964. For the 2005-2006 school year, the Foundation Level of support is

$5,164. For the 2006-2007 school year, the Foundation Level of support is $5,334. For the 2007-2008 school year, the Foundation Level of support is $5,734.

(3) For the 2008-2009 school year and each school year through the 2009-2010 school year ~~thereafter~~, the Foundation Level of support is $5,959 ~~or such greater amount as may be established by law by the General Assembly~~.

(4) It is the intention of the 96th General Assembly that the Foundation Level of support be increased to the Education Funding Advisory Board's recommendation for the 2006-2007 school year and be inflation adjusted to the 2013-2014 school year, which would create a Foundation Level of $8,410, and that this Foundation Level of support be reached over a 4-year, phase-in period to allow for thoughtful planning by school districts on the utilization of this funding to best enhance education.

For (i) school year 2010-2011, the Foundation Level of support is $6,540; (ii) school year 2011-2012, the Foundation Level of support is $7,141; (iii) school year 2012-2013, the Foundation Level of support is $7,764; and (iv) school year 2013-2014, the Foundation Level of support is $8,410. For each school year thereafter, the Foundation Level of support shall be equal to the Foundation Level of support for the immediately preceding completed school year, increased by the percentage increase, if any, in the ECI published for the then most recently completed calendar year or such greater amount as may be established by law by the General Assembly.

(C) Average Daily Attendance.

(1) For purposes of calculating general State aid pursuant to subsection (E), an Average Daily Attendance figure shall be utilized. The Average Daily Attendance figure for formula calculation purposes shall be the monthly average of the actual number of pupils in attendance of each school district, as further averaged for the best 3 months of pupil attendance for each school district. In compiling the figures for the number of pupils in attendance, school districts and the State Board of Education shall, for purposes of general State aid funding, conform attendance figures to the requirements of subsection (F).

(2) The Average Daily Attendance figures utilized in subsection (E) shall be the requisite attendance data for the school year immediately preceding the school year for which general State aid is being calculated or the average of the attendance data for the 3 preceding school years, whichever is greater. The Average Daily Attendance figures utilized in subsection (H) shall be the requisite attendance data for the school year immediately preceding the school year for which general State aid is being calculated.

(D) Available Local Resources.

(1) For purposes of calculating general State aid pursuant

to subsection (E), a representation of Available Local Resources per pupil, as that term is defined and determined in this subsection, shall be utilized. Available Local Resources per pupil shall include a calculated dollar amount representing local school district revenues from local property taxes and from Corporate Personal Property Replacement Taxes, expressed on the basis of pupils in Average Daily Attendance. Calculation of Available Local Resources shall exclude any tax amnesty funds received as a result of Public Act 93-26.

(2) In determining a school district's revenue from local property taxes, the State Board of Education shall utilize the equalized assessed valuation of all taxable property of each school district as of September 30 of the previous year. The equalized assessed valuation utilized shall be obtained and determined as provided in subsection (G).

(3) For school districts maintaining grades kindergarten through 12, local property tax revenues per pupil shall be calculated as the product of the applicable equalized assessed valuation for the district multiplied by 3.00%, and divided by the district's Average Daily Attendance figure. For school districts maintaining grades kindergarten through 8, local property tax revenues per pupil shall be calculated as the product of the applicable equalized assessed valuation for the district multiplied by 2.30%, and divided by the district's Average Daily Attendance figure. For school districts maintaining grades 9 through 12, local property tax revenues

per pupil shall be the applicable equalized assessed valuation of the district multiplied by 1.05%, and divided by the district's Average Daily Attendance figure.

For partial elementary unit districts created pursuant to Article 11E of this Code, local property tax revenues per pupil shall be calculated as the product of the equalized assessed valuation for property within the partial elementary unit district for elementary purposes, as defined in Article 11E of this Code, multiplied by 2.06% and divided by the district's Average Daily Attendance figure, plus the product of the equalized assessed valuation for property within the partial elementary unit district for high school purposes, as defined in Article 11E of this Code, multiplied by 0.94% and divided by the district's Average Daily Attendance figure.

(4) The Corporate Personal Property Replacement Taxes paid to each school district during the calendar year 2 years before the calendar year in which a school year begins, divided by the Average Daily Attendance figure for that district, shall be added to the local property tax revenues per pupil as derived by the application of the immediately preceding paragraph (3). The sum of these per pupil figures for each school district shall constitute Available Local Resources as that term is utilized in subsection (E) in the calculation of general State aid.

(E) Computation of General State Aid.

(1) For each school year, the amount of general State aid allotted to a school district shall be computed by the State Board of Education as provided in this subsection.

(2) For any school district for which Available Local Resources per pupil is less than the product of 0.93 times the Foundation Level, general State aid for that district shall be calculated as an amount equal to the Foundation Level minus Available Local Resources, multiplied by the Average Daily Attendance of the school district.

(3) For any school district for which Available Local Resources per pupil is equal to or greater than the product of 0.93 times the Foundation Level and less than the product of 1.75 times the Foundation Level, the general State aid per pupil shall be a decimal proportion of the Foundation Level derived using a linear algorithm. Under this linear algorithm, the calculated general State aid per pupil shall decline in direct linear fashion from 0.07 times the Foundation Level for a school district with Available Local Resources equal to the product of 0.93 times the Foundation Level, to 0.05 times the Foundation Level for a school district with Available Local Resources equal to the product of 1.75 times the Foundation Level. The allocation of general State aid for school districts subject to this paragraph 3 shall be the calculated general State aid per pupil figure multiplied by the Average Daily Attendance of the school district.

(4) For any school district for which Available Local

Resources per pupil equals or exceeds the product of 1.75 times the Foundation Level, the general State aid for the school district shall be calculated as the product of $218 multiplied by the Average Daily Attendance of the school district.

(5) The amount of general State aid allocated to a school district for the 1999-2000 school year meeting the requirements set forth in paragraph (4) of subsection (G) shall be increased by an amount equal to the general State aid that would have been received by the district for the 1998-1999 school year by utilizing the Extension Limitation Equalized Assessed Valuation as calculated in paragraph (4) of subsection (G) less the general State aid allotted for the 1998-1999 school year. This amount shall be deemed a one time increase, and shall not affect any future general State aid allocations.

(F) Compilation of Average Daily Attendance.

(1) Each school district shall, by July 1 of each year, submit to the State Board of Education, on forms prescribed by the State Board of Education, attendance figures for the school year that began in the preceding calendar year. The attendance information so transmitted shall identify the average daily attendance figures for each month of the school year. Beginning with the general State aid claim form for the 2002-2003 school year, districts shall calculate Average Daily Attendance as provided in subdivisions (a), (b), and (c) of this paragraph (1).

(a) In districts that do not hold year-round classes, days of attendance in August shall be added to the month of September and any days of attendance in June shall be added to the month of May.

(b) In districts in which all buildings hold year-round classes, days of attendance in July and August shall be added to the month of September and any days of attendance in June shall be added to the month of May.

(c) In districts in which some buildings, but not all, hold year-round classes, for the non-year-round buildings, days of attendance in August shall be added to the month of September and any days of attendance in June shall be added to the month of May. The average daily attendance for the year-round buildings shall be computed as provided in subdivision (b) of this paragraph (1). To calculate the Average Daily Attendance for the district, the average daily attendance for the year-round buildings shall be multiplied by the days in session for the non-year-round buildings for each month and added to the monthly attendance of the non-year-round buildings.

Except as otherwise provided in this Section, days of attendance by pupils shall be counted only for sessions of not less than 5 clock hours of school work per day under direct supervision of: (i) teachers, or (ii) non-teaching personnel or volunteer personnel when engaging in non-teaching duties and supervising in those instances specified in subsection (a) of

Section 10-22.34 and paragraph 10 of Section 34-18, with pupils of legal school age and in kindergarten and grades 1 through 12.

Days of attendance by tuition pupils shall be accredited only to the districts that pay the tuition to a recognized school.

(2) Days of attendance by pupils of less than 5 clock hours of school shall be subject to the following provisions in the compilation of Average Daily Attendance.

(a) Pupils regularly enrolled in a public school for only a part of the school day may be counted on the basis of 1/6 day for every class hour of instruction of 40 minutes or more attended pursuant to such enrollment, unless a pupil is enrolled in a block-schedule format of 80 minutes or more of instruction, in which case the pupil may be counted on the basis of the proportion of minutes of school work completed each day to the minimum number of minutes that school work is required to be held that day.

(b) Days of attendance may be less than 5 clock hours on the opening and closing of the school term, and upon the first day of pupil attendance, if preceded by a day or days utilized as an institute or teachers' workshop.

(c) A session of 4 or more clock hours may be counted as a day of attendance upon certification by the regional superintendent, and approved by the State Superintendent of Education to the extent that the district has been forced to use daily multiple sessions.

(d) A session of 3 or more clock hours may be counted as a day of attendance (1) when the remainder of the school day or at least 2 hours in the evening of that day is utilized for an in-service training program for teachers, up to a maximum of 5 days per school year of which a maximum of 4 days of such 5 days may be used for parent-teacher conferences, provided a district conducts an in-service training program for teachers which has been approved by the State Superintendent of Education; or, in lieu of 4 such days, 2 full days may be used, in which event each such day may be counted as a day of attendance; and (2) when days in addition to those provided in item (1) are scheduled by a school pursuant to its school improvement plan adopted under Article 34 or its revised or amended school improvement plan adopted under Article 2, provided that (i) such sessions of 3 or more clock hours are scheduled to occur at regular intervals, (ii) the remainder of the school days in which such sessions occur are utilized for in-service training programs or other staff development activities for teachers, and (iii) a sufficient number of minutes of school work under the direct supervision of teachers are added to the school days between such regularly scheduled sessions to accumulate not less than the number of minutes by which such sessions of 3 or more clock hours fall short of 5 clock hours. Any full days used for the purposes of this paragraph shall not be considered for computing average daily attendance. Days scheduled for in-service training programs, staff development activities, or parent-teacher conferences may be scheduled separately for different grade levels and different attendance centers of the district.

(e) A session of not less than one clock hour of teaching hospitalized or homebound pupils on-site or by telephone to the classroom may be counted as 1/2 day of attendance, however these pupils must receive 4 or more clock hours of instruction to be counted for a full day of attendance.

(f) A session of at least 4 clock hours may be counted as a day of attendance for first grade pupils, and pupils in full day kindergartens, and a session of 2 or more hours may be counted as 1/2 day of attendance by pupils in kindergartens which provide only 1/2 day of attendance.

(g) For children with disabilities who are below the age of 6 years and who cannot attend 2 or more clock hours because of their disability or immaturity, a session of not less than one clock hour may be counted as 1/2 day of attendance; however for such children whose educational needs so require a session of 4 or more clock hours may be counted as a full day of attendance.

(h) A recognized kindergarten which provides for only 1/2 day of attendance by each pupil shall not have more than 1/2 day of attendance counted in any one day. However, kindergartens may count 2 1/2 days of attendance in any 5 consecutive school days. When a pupil attends such a kindergarten for 2 half days on any one school day, the pupil shall have the following day as a day absent from school, unless the school district obtains permission in writing from the State Superintendent of Education. Attendance at kindergartens which provide for a full day of attendance by each pupil shall be counted the same as attendance by first grade pupils. Only the first year of attendance in one kindergarten shall be counted, except in case of children who entered the kindergarten in their fifth year whose educational development requires a second year of kindergarten as determined under the rules and regulations of the State Board of Education.

(i) On the days when the Prairie State Achievement Examination is administered under subsection (c) of Section 2-3.64 of this Code, the day of attendance for a pupil whose school day must be shortened to accommodate required testing procedures may be less than 5 clock hours and shall be counted towards the 176 days of actual pupil attendance required under Section 10-19 of this Code, provided that a sufficient number of minutes of school work in excess of 5 clock hours are first completed on other school days to compensate for the loss of school work on the examination days.

(G) Equalized Assessed Valuation Data.

(1) For purposes of the calculation of Available Local Resources required pursuant to subsection (D), the State Board of Education shall secure from the Department of Revenue the value as equalized or assessed by the Department of Revenue of all taxable property of every school district, together with (i) the applicable tax rate used in extending taxes for the funds of the district as of September 30 of the previous year and (ii) the limiting rate for all school districts subject to property tax extension limitations as imposed under the Property Tax Extension Limitation Law.

The Department of Revenue shall add to the equalized assessed value of all taxable property of each school district situated entirely or partially within a county that is or was subject to the provisions of Section 15-176 or 15-177 of the Property Tax Code (a) an amount equal to the total amount by which the homestead exemption allowed under Section 15-176 or 15-177 of the Property Tax Code for real property situated in that school district exceeds the total amount that would have been allowed in that school district if the maximum reduction under Section 15-176 was (i) $4,500 in Cook County or $3,500 in all other counties in tax year 2003 or (ii) $5,000 in all counties in tax year 2004 and thereafter and (b) an amount equal to the aggregate amount for the taxable year of all additional exemptions under Section 15-175 of the Property Tax

Code for owners with a household income of $30,000 or less. The county clerk of any county that is or was subject to the provisions of Section 15-176 or 15-177 of the Property Tax Code shall annually calculate and certify to the Department of Revenue for each school district all homestead exemption amounts under Section 15-176 or 15-177 of the Property Tax Code and all amounts of additional exemptions under Section 15-175 of the Property Tax Code for owners with a household income of $30,000 or less. It is the intent of this paragraph that if the general homestead exemption for a parcel of property is determined under Section 15-176 or 15-177 of the Property Tax Code rather than Section 15-175, then the calculation of Available Local Resources shall not be affected by the difference, if any, between the amount of the general homestead exemption allowed for that parcel of property under Section 15-176 or 15-177 of the Property Tax Code and the amount that would have been allowed had the general homestead exemption for that parcel of property been determined under Section 15-175 of the Property Tax Code. It is further the intent of this paragraph that if additional exemptions are allowed under Section 15-175 of the Property Tax Code for owners with a household income of less than $30,000, then the calculation of Available Local Resources shall not be affected by the difference, if any, because of those additional exemptions.

This equalized assessed valuation, as adjusted further by the requirements of this subsection, shall be utilized in the calculation of Available Local Resources.

(2) The equalized assessed valuation in paragraph (1) shall be adjusted, as applicable, in the following manner:

(a) For the purposes of calculating State aid under this Section, with respect to any part of a school district within a redevelopment project area in respect to which a municipality has adopted tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11 of the Illinois Municipal Code or the Industrial Jobs Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the Illinois Municipal Code, no part of the current equalized assessed valuation of real property located in any such project area which is attributable to an increase above the total initial equalized assessed valuation of such property shall be used as part of the equalized assessed valuation of the district, until such time as all redevelopment project costs have been paid, as provided in Section 11-74.4-8 of the Tax Increment Allocation Redevelopment Act or in Section 11-74.6-35 of the Industrial Jobs Recovery Law. For the purpose of the equalized assessed valuation of the district, the total initial equalized assessed valuation or the current equalized assessed valuation, whichever is lower, shall be used until such time as all redevelopment project costs have been paid.

(b) The real property equalized assessed valuation for a school district shall be adjusted by subtracting from the real property value as equalized or assessed by the Department of Revenue for the district an amount computed by dividing the amount of any abatement of taxes under Section 18-170 of the Property Tax Code by 3.00% for a district maintaining grades kindergarten through 12, by 2.30% for a district maintaining grades kindergarten through 8, or by 1.05% for a district maintaining grades 9 through 12 and adjusted by an amount computed by dividing the amount of any abatement of taxes under subsection (a) of Section 18-165 of the Property Tax Code by the same percentage rates for district type as specified in this subparagraph (b).

(3) For the 1999-2000 school year and each school year thereafter, if a school district meets all of the criteria of this subsection (G)(3), the school district's Available Local Resources shall be calculated under subsection (D) using the district's Extension Limitation Equalized Assessed Valuation as calculated under this subsection (G)(3).

For purposes of this subsection (G)(3) the following terms shall have the following meanings:

"Budget Year": The school year for which general State aid is calculated and awarded under subsection (E).

"Base Tax Year": The property tax levy year used to calculate the Budget Year allocation of general State aid.

"Preceding Tax Year": The property tax levy year immediately preceding the Base Tax Year.

"Base Tax Year's Tax Extension": The product of the equalized assessed valuation utilized by the County Clerk in the Base Tax Year multiplied by the limiting rate as calculated by the County Clerk and defined in the Property Tax Extension Limitation Law.

"Preceding Tax Year's Tax Extension": The product of the equalized assessed valuation utilized by the County Clerk in the Preceding Tax Year multiplied by the Operating Tax Rate as defined in subsection (A).

"Extension Limitation Ratio": A numerical ratio, certified by the County Clerk, in which the numerator is the Base Tax Year's Tax Extension and the denominator is the Preceding Tax Year's Tax Extension.

"Operating Tax Rate": The operating tax rate as defined in subsection (A).

If a school district is subject to property tax extension limitations as imposed under the Property Tax Extension Limitation Law, the State Board of Education shall calculate the Extension Limitation Equalized Assessed Valuation of that district. For the 1999-2000 school year, the Extension Limitation Equalized Assessed Valuation of a school district as calculated by the State Board of Education shall be equal to the product of the district's 1996 Equalized Assessed Valuation and the district's Extension Limitation Ratio. For the

2000-2001 school year and each school year thereafter, the Extension Limitation Equalized Assessed Valuation of a school district as calculated by the State Board of Education shall be equal to the product of the Equalized Assessed Valuation last used in the calculation of general State aid and the district's Extension Limitation Ratio. If the Extension Limitation Equalized Assessed Valuation of a school district as calculated under this subsection (G)(3) is less than the district's equalized assessed valuation as calculated pursuant to subsections (G)(1) and (G)(2), then for purposes of calculating the district's general State aid for the Budget Year pursuant to subsection (E), that Extension Limitation Equalized Assessed Valuation shall be utilized to calculate the district's Available Local Resources under subsection (D).

Partial elementary unit districts created in accordance with Article 11E of this Code shall not be eligible for the adjustment in this subsection (G)(3) until the fifth year following the effective date of the reorganization.

(4) For the purposes of calculating general State aid for the 1999-2000 school year only, if a school district experienced a triennial reassessment on the equalized assessed valuation used in calculating its general State financial aid apportionment for the 1998-1999 school year, the State Board of Education shall calculate the Extension Limitation Equalized Assessed Valuation that would have been used to calculate the district's 1998-1999 general State aid. This amount shall equal

the product of the equalized assessed valuation used to calculate general State aid for the 1997-1998 school year and the district's Extension Limitation Ratio. If the Extension Limitation Equalized Assessed Valuation of the school district as calculated under this paragraph (4) is less than the district's equalized assessed valuation utilized in calculating the district's 1998-1999 general State aid allocation, then for purposes of calculating the district's general State aid pursuant to paragraph (5) of subsection (E), that Extension Limitation Equalized Assessed Valuation shall be utilized to calculate the district's Available Local Resources.

(5) For school districts having a majority of their equalized assessed valuation in any county except Cook, DuPage, Kane, Lake, McHenry, or Will, if the amount of general State aid allocated to the school district for the 1999-2000 school year under the provisions of subsection (E), (H), and (J) of this Section is less than the amount of general State aid allocated to the district for the 1998-1999 school year under these subsections, then the general State aid of the district for the 1999-2000 school year only shall be increased by the difference between these amounts. The total payments made under this paragraph (5) shall not exceed $14,000,000. Claims shall be prorated if they exceed $14,000,000.

(H) Supplemental General State Aid.

(1) In addition to the general State aid a school district is allotted pursuant to subsection (E), qualifying school districts shall receive a grant, paid in conjunction with a district's payments of general State aid, for supplemental general State aid based upon the concentration level of children from low-income households within the school district. Supplemental State aid grants provided for school districts under this subsection shall be appropriated for distribution to school districts as part of the same line item in which the general State financial aid of school districts is appropriated under this Section. If the appropriation in any fiscal year for general State aid and supplemental general State aid is insufficient to pay the amounts required under the general State aid and supplemental general State aid calculations, then the State Board of Education shall ensure that each school district receives the full amount due for general State aid and the remainder of the appropriation shall be used for supplemental general State aid, which the State Board of Education shall calculate and pay to eligible districts on a prorated basis.

(1.5) This paragraph (1.5) applies only to those school years preceding the 2003-2004 school year. For purposes of this subsection (H), the term "Low-Income Concentration Level" shall be the low-income eligible pupil count from the most recently available federal census divided by the Average Daily Attendance of the school district. If, however, (i) the percentage decrease from the 2 most recent federal censuses in the low-income eligible pupil count of a high school district with fewer than 400 students exceeds by 75% or more the percentage change in the total low-income eligible pupil count of contiguous elementary school districts, whose boundaries are coterminous with the high school district, or (ii) a high school district within 2 counties and serving 5 elementary school districts, whose boundaries are coterminous with the high school district, has a percentage decrease from the 2 most recent federal censuses in the low-income eligible pupil count and there is a percentage increase in the total low-income eligible pupil count of a majority of the elementary school districts in excess of 50% from the 2 most recent federal censuses, then the high school district's low-income eligible pupil count from the earlier federal census shall be the number used as the low-income eligible pupil count for the high school district, for purposes of this subsection (H). The changes made to this paragraph (1) by Public Act 92-28 shall apply to supplemental general State aid grants for school years preceding the 2003-2004 school year that are paid in fiscal year 1999 or thereafter and to any State aid payments made in fiscal year 1994 through fiscal year 1998 pursuant to subsection 1(n) of Section 18-8 of this Code (which was repealed on July 1, 1998), and any high school district that is affected by Public Act 92-28 is entitled to a recomputation of its supplemental general State aid grant or State aid paid in any of those fiscal years. This recomputation shall not be affected by any other funding.

(1.10) This paragraph (1.10) applies to the 2003-2004 school year and each school year thereafter. For purposes of this subsection (H), the term "Low-Income Concentration Level" shall, for each fiscal year, be the low-income eligible pupil count as of July 1 of the immediately preceding fiscal year (as determined by the Department of Human Services based on the number of pupils who are eligible for at least one of the following low income programs: Medicaid, KidCare, TANF, or Food Stamps, excluding pupils who are eligible for services provided by the Department of Children and Family Services, averaged over the 2 immediately preceding fiscal years for fiscal year 2004 and over the 3 immediately preceding fiscal years for each fiscal year thereafter) divided by the Average Daily Attendance of the school district.

(2) Supplemental general State aid pursuant to this subsection (H) shall be provided as follows for the 1998-1999, 1999-2000, and 2000-2001 school years only:

(a) For any school district with a Low Income Concentration Level of at least 20% and less than 35%, the grant for any school year shall be $800 multiplied by the low income eligible pupil count.

(b) For any school district with a Low Income Concentration Level of at least 35% and less than 50%, the grant for the 1998-1999 school year shall be $1,100 multiplied by the low income eligible pupil count.

(c) For any school district with a Low Income Concentration Level of at least 50% and less than 60%, the grant for the 1998-99 school year shall be $1,500 multiplied by the low income eligible pupil count.

(d) For any school district with a Low Income Concentration Level of 60% or more, the grant for the 1998-99 school year shall be $1,900 multiplied by the low income eligible pupil count.

(e) For the 1999-2000 school year, the per pupil amount specified in subparagraphs (b), (c), and (d) immediately above shall be increased to $1,243, $1,600, and $2,000, respectively.

(f) For the 2000-2001 school year, the per pupil amounts specified in subparagraphs (b), (c), and (d) immediately above shall be $1,273, $1,640, and $2,050, respectively.

(2.5) Supplemental general State aid pursuant to this subsection (H) shall be provided as follows for the 2002-2003 school year:

(a) For any school district with a Low Income Concentration Level of less than 10%, the grant for each school year shall be $355 multiplied by the low income eligible pupil count.

(b) For any school district with a Low Income Concentration Level of at least 10% and less than 20%, the grant for each school year shall be $675 multiplied by the low income eligible pupil count.

(c) For any school district with a Low Income Concentration Level of at least 20% and less than 35%, the grant for each school year shall be $1,330 multiplied by the low income eligible pupil count.

(d) For any school district with a Low Income Concentration Level of at least 35% and less than 50%, the grant for each school year shall be $1,362 multiplied by the low income eligible pupil count.

(e) For any school district with a Low Income Concentration Level of at least 50% and less than 60%, the grant for each school year shall be $1,680 multiplied by the low income eligible pupil count.

(f) For any school district with a Low Income Concentration Level of 60% or more, the grant for each school year shall be $2,080 multiplied by the low income eligible pupil count.

(2.10) Except as otherwise provided, supplemental general State aid pursuant to this subsection (H) shall be provided as follows for the 2003-2004 school year and each school year thereafter:

(a) For any school district with a Low Income Concentration Level of 15% or less, the grant for each school year shall be $355 multiplied by the low income eligible pupil count.

(b) For any school district with a Low Income Concentration Level greater than 15%, the grant for each school year shall be $294.25 added to the product of $2,700 and the square of the Low Income Concentration Level, all multiplied by the low income eligible pupil count.

For the 2003-2004 school year and each school year thereafter through the 2008-2009 school year only, the grant shall be no less than the grant for the 2002-2003 school year. For the 2009-2010 school year only, the grant shall be no less than the grant for the 2002-2003 school year multiplied by 0.66. For the 2010-2011 school year only, the grant shall be no less than the grant for the 2002-2003 school year multiplied by 0.33. Notwithstanding the provisions of this paragraph to the contrary, if for any school year supplemental general State aid grants are prorated as provided in paragraph (1) of this subsection (H), then the grants under this paragraph shall be prorated.

For the 2003-2004 school year only, the grant shall be no greater than the grant received during the 2002-2003 school year added to the product of 0.25 multiplied by the difference between the grant amount calculated under subsection (a) or (b) of this paragraph (2.10), whichever is applicable, and the grant received during the 2002-2003 school year. For the 2004-2005 school year only, the grant shall be no greater than the grant received during the 2002-2003 school year added to the product of 0.50 multiplied by the difference between the grant amount calculated under subsection (a) or (b) of this paragraph (2.10), whichever is applicable, and the grant received during the 2002-2003 school year. For the 2005-2006 school year only, the grant shall be no greater than the grant received during the 2002-2003 school year added to the product of 0.75 multiplied by the difference between the grant amount calculated under subsection (a) or (b) of this paragraph (2.10), whichever is applicable, and the grant received during the 2002-2003 school year.

(3) School districts with an Average Daily Attendance of more than 1,000 and less than 50,000 that qualify for supplemental general State aid pursuant to this subsection shall submit a plan to the State Board of Education prior to October 30 of each year for the use of the funds resulting from this grant of supplemental general State aid for the improvement of instruction in which priority is given to meeting the education needs of disadvantaged children. Such plan shall be submitted in accordance with rules and regulations promulgated by the State Board of Education.

(4) School districts with an Average Daily Attendance of 50,000 or more that qualify for supplemental general State aid pursuant to this subsection shall be required to distribute from funds available pursuant to this Section, no less than $261,000,000 in accordance with the following requirements:

(a) The required amounts shall be distributed to the attendance centers within the district in proportion to the number of pupils enrolled at each attendance center who are eligible to receive free or reduced-price lunches or breakfasts under the federal Child Nutrition Act of 1966 and under the National School Lunch Act during the immediately preceding school year.

(b) The distribution of these portions of supplemental and general State aid among attendance centers according to these requirements shall not be compensated for or contravened by adjustments of the total of other funds appropriated to any attendance centers, and the Board of Education shall utilize funding from one or several sources in order to fully implement this provision annually prior to the opening of school.

(c) Each attendance center shall be provided by the school district a distribution of noncategorical funds and other categorical funds to which an attendance center is entitled under law in order that the general State aid and supplemental general State aid provided by application of this subsection supplements rather than supplants the noncategorical funds and other categorical funds provided by the school district to the attendance centers.

(d) Any funds made available under this subsection that by reason of the provisions of this subsection are not required to be allocated and provided to attendance centers may be used and appropriated by the board of the district for any lawful school purpose.

(e) Funds received by an attendance center pursuant to this subsection shall be used by the attendance center at the discretion of the principal and local school council for programs to improve educational opportunities at qualifying schools through the following programs and services: early childhood education, reduced class size or improved adult to student classroom ratio, enrichment programs, remedial assistance, attendance improvement, and other educationally beneficial expenditures which supplement the regular and basic programs as determined by the State Board of Education. Funds provided shall not be expended for any political or lobbying purposes as defined by board rule.

(f) Each district subject to the provisions of this subdivision (H)(4) shall submit an acceptable plan to meet the educational needs of disadvantaged children, in compliance with the requirements of this paragraph, to the State Board of Education prior to July 15 of each year. This plan shall be consistent with the decisions of local school councils concerning the school expenditure plans developed in accordance with part 4 of Section 34-2.3. The State Board shall approve or reject the plan within 60 days after its submission. If the plan is rejected, the district shall give written notice of intent to modify the plan within 15 days of the notification of rejection and then submit a modified plan within 30 days after the date of the written notice of intent to modify. Districts may amend approved plans pursuant to rules promulgated by the State Board of Education.

Upon notification by the State Board of Education that the district has not submitted a plan prior to July 15 or a modified plan within the time period specified herein, the State aid funds affected by that plan or modified plan shall be withheld by the State Board of Education until a plan or modified plan is submitted.

If the district fails to distribute State aid to attendance centers in accordance with an approved plan, the plan for the following year shall allocate funds, in addition to the funds otherwise required by this subsection, to those attendance centers which were underfunded during the previous year in amounts equal to such underfunding.

For purposes of determining compliance with this subsection in relation to the requirements of attendance center funding, each district subject to the provisions of this subsection shall submit as a separate document by December 1 of each year a report of expenditure data for the prior year in addition to any modification of its current plan. If it is determined that there has been a failure to comply with the expenditure provisions of this subsection regarding contravention or supplanting, the State Superintendent of Education shall, within 60 days of receipt of the report, notify the district and any affected local school council. The district shall within 45 days of receipt of that notification inform the State Superintendent of Education of the remedial or corrective action to be taken, whether by amendment of the current plan, if feasible, or by adjustment in the plan for the following year. Failure to provide the expenditure report or the notification of remedial or corrective action in a timely manner shall result in a withholding of the affected funds.

The State Board of Education shall promulgate rules and regulations to implement the provisions of this subsection. No funds shall be released under this subdivision (H)(4) to any district that has not submitted a plan that has been approved by the State Board of Education.

(I) (Blank).

(J) Supplementary Grants in Aid.

(1) Notwithstanding any other provisions of this Section, the amount of the aggregate general State aid in combination with supplemental general State aid under this Section for which each school district is eligible shall be no less than the amount of the aggregate general State aid entitlement that was received by the district under Section 18-8 (exclusive of

amounts received under subsections 5(p) and 5(p-5) of that Section) for the 1997-98 school year, pursuant to the provisions of that Section as it was then in effect. If a school district qualifies to receive a supplementary payment made under this subsection (J), the amount of the aggregate general State aid in combination with supplemental general State aid under this Section which that district is eligible to receive for each school year shall be no less than the amount of the aggregate general State aid entitlement that was received by the district under Section 18-8 (exclusive of amounts received under subsections 5(p) and 5(p-5) of that Section) for the 1997-1998 school year, pursuant to the provisions of that Section as it was then in effect.

(2) If, as provided in paragraph (1) of this subsection (J), a school district is to receive aggregate general State aid in combination with supplemental general State aid under this Section for the 1998-99 school year and any subsequent school year that in any such school year is less than the amount of the aggregate general State aid entitlement that the district received for the 1997-98 school year, the school district shall also receive, from a separate appropriation made for purposes of this subsection (J), a supplementary payment that is equal to the amount of the difference in the aggregate State aid figures as described in paragraph (1).

(3) (Blank).

(K) Grants to Laboratory and Alternative Schools.

In calculating the amount to be paid to the governing board of a public university that operates a laboratory school under this Section or to any alternative school that is operated by a regional superintendent of schools, the State Board of Education shall require by rule such reporting requirements as it deems necessary.

As used in this Section, "laboratory school" means a public school which is created and operated by a public university and approved by the State Board of Education. The governing board of a public university which receives funds from the State Board under this subsection (K) may not increase the number of students enrolled in its laboratory school from a single district, if that district is already sending 50 or more students, except under a mutual agreement between the school board of a student's district of residence and the university which operates the laboratory school. A laboratory school may not have more than 1,000 students, excluding students with disabilities in a special education program.

As used in this Section, "alternative school" means a public school which is created and operated by a Regional Superintendent of Schools and approved by the State Board of Education. Such alternative schools may offer courses of instruction for which credit is given in regular school programs, courses to prepare students for the high school equivalency testing program or vocational and occupational training. A regional superintendent of schools may contract with a school district or a public community college district to operate an alternative school. An alternative school serving more than one educational service region may be established by the regional superintendents of schools of the affected educational service regions. An alternative school serving more than one educational service region may be operated under such terms as the regional superintendents of schools of those educational service regions may agree.

Each laboratory and alternative school shall file, on forms provided by the State Superintendent of Education, an annual State aid claim which states the Average Daily Attendance of the school's students by month. The best 3 months' Average Daily Attendance shall be computed for each school. The general State aid entitlement shall be computed by multiplying the applicable Average Daily Attendance by the Foundation Level as determined under this Section.

(L) Payments, Additional Grants in Aid and Other Requirements.

(1) For a school district operating under the financial supervision of an Authority created under Article 34A, the general State aid otherwise payable to that district under this Section, but not the supplemental general State aid, shall be reduced by an amount equal to the budget for the operations of the Authority as certified by the Authority to the State Board of Education, and an amount equal to such reduction shall be

paid to the Authority created for such district for its operating expenses in the manner provided in Section 18-11. The remainder of general State school aid for any such district shall be paid in accordance with Article 34A when that Article provides for a disposition other than that provided by this Article.

(2) (Blank).

(3) Summer school. Summer school payments shall be made as provided in Section 18-4.3.

(M) Education Funding Advisory Board.

The Education Funding Advisory Board, hereinafter in this subsection (M) referred to as the "Board", is hereby created. The Board shall consist of 5 members who are appointed by the Governor, by and with the advice and consent of the Senate. The members appointed shall include representatives of education, business, and the general public. One of the members so appointed shall be designated by the Governor at the time the appointment is made as the chairperson of the Board. The initial members of the Board may be appointed any time after the effective date of this amendatory Act of 1997. The regular term of each member of the Board shall be for 4 years from the third Monday of January of the year in which the term of the member's appointment is to commence, except that of the 5 initial members appointed to serve on the Board, the member who is appointed as the chairperson shall serve for a term that commences on the date of his or her appointment and expires on the third Monday of January, 2002, and the remaining 4 members, by lots drawn at the first meeting of the Board that is held after all 5 members are appointed, shall determine 2 of their number to serve for terms that commence on the date of their respective appointments and expire on the third Monday of January, 2001, and 2 of their number to serve for terms that commence on the date of their respective appointments and expire on the third Monday of January, 2000. All members appointed to serve on the Board shall serve until their respective successors are appointed and confirmed. Vacancies shall be filled in the same manner as original appointments. If a vacancy in membership occurs at a time when the Senate is not in session, the Governor shall make a temporary appointment until the next meeting of the Senate, when he or she shall appoint, by and with the advice and consent of the Senate, a person to fill that membership for the unexpired term. If the Senate is not in session when the initial appointments are made, those appointments shall be made as in the case of vacancies.

The Education Funding Advisory Board shall be deemed established, and the initial members appointed by the Governor to serve as members of the Board shall take office, on the date that the Governor makes his or her appointment of the fifth initial member of the Board, whether those initial members are then serving pursuant to appointment and confirmation or pursuant to temporary appointments that are made by the Governor as in the case of vacancies.

The State Board of Education shall provide such staff assistance to the Education Funding Advisory Board as is reasonably required for the proper performance by the Board of its responsibilities.

For school years after the 2000-2001 school year, the Education Funding Advisory Board, in consultation with the State Board of Education, shall make recommendations as provided in this subsection (M) to the General Assembly for the foundation level under subsection (B) ~~subdivision (B)(3)~~ of this Section and for the supplemental general State aid grant level under subsection (H) of this Section for districts with high concentrations of children from poverty. The recommended foundation level shall be determined based on a methodology which incorporates the basic education expenditures of low-spending schools exhibiting high academic performance. The Education Funding Advisory Board shall make such recommendations to the General Assembly on January 1 of odd numbered years, beginning January 1, 2001.

(N) (Blank).

(O) References.

(1) References in other laws to the various subdivisions of Section 18-8 as that Section existed before its repeal and

replacement by this Section 18-8.05 shall be deemed to refer to the corresponding provisions of this Section 18-8.05, to the extent that those references remain applicable.

(2) References in other laws to State Chapter 1 funds shall be deemed to refer to the supplemental general State aid provided under subsection (H) of this Section.

(P) Public Act 93-838 and Public Act 93-808 make inconsistent changes to this Section. Under Section 6 of the Statute on Statutes there is an irreconcilable conflict between Public Act 93-808 and Public Act 93-838. Public Act 93-838, being the last acted upon, is controlling. The text of Public Act 93-838 is the law regardless of the text of Public Act 93-808.

(Source: P.A. 94-69, eff. 7-1-05; 94-438, eff. 8-4-05; 94-835, eff. 6-6-06; 94-1019, eff. 7-10-06; 94-1105, eff. 6-1-07; 95-331, eff. 8-21-07; 95-644, eff. 10-12-07; 95-707, eff. 1-11-08; 95-744, eff. 7-18-08; 95-903, eff. 8-25-08; revised 9-5-08.)

(105 ILCS 5/19-3) (from Ch. 122, par. 19-3)

Sec. 19-3. Boards of education. Any school district governed by a board of education and having a population of not more than 500,000 inhabitants, and not governed by a special Act may borrow money for the purpose of building, equipping, altering or repairing school buildings or purchasing or improving school sites, or acquiring and equipping playgrounds, recreation grounds, athletic fields, and other buildings or land used or useful for school purposes or for the purpose of purchasing a site, with or without a building or buildings thereon, or for the building of a house or houses on such site, or for the building of a house or houses on the school site of the school district, for residential purposes of the superintendent, principal, or teachers of the school district, and issue its negotiable coupon bonds therefor signed by the president and secretary of the board, in denominations of not less than $100 nor more than $5,000, payable at such place and at such time or times, not exceeding 20 years from date of issuance, as the board of education may prescribe, and bearing interest at a rate not to exceed the maximum rate authorized by the Bond Authorization Act, as amended at the time of the making of the contract, payable annually, semiannually or quarterly, but, with the exception of those bonds described in Section 17-2.11c of this Code, no such bonds shall be issued unless the proposition to issue them is submitted to the voters of the district at a referendum held at a regularly scheduled election after the board has certified the proposition to the proper election authorities in accordance with the general election law, a majority of all the votes cast on the proposition is in favor of the proposition, and notice of such bond referendum has been given either (i) in accordance with the second paragraph of Section 12-1 of the Election Code irrespective of whether such notice included any reference to the public question as it appeared on the ballot, or (ii) for an election held on or after November 1, 1998, in accordance with Section 12-5 of the Election Code, or (iii) by publication of a true and legible copy of the specimen ballot label containing the proposition in the form in which it appeared or will appear on the official ballot label on the day of the election at least 5 days before the day of the election in at least one newspaper published in and having a general circulation in the district, irrespective of any other requirements of Article 12 or Section 24A-18 of the Election Code, nor shall any residential site be acquired unless such proposition to acquire a site is submitted to the voters of the district at a referendum held at a regularly scheduled election after the board has certified the proposition to the proper election authorities in accordance with the general election law and a majority of all the votes cast on the proposition is in favor of the proposition. Nothing in this Act or in any other law shall be construed to require the notice of the bond referendum to be published over the name or title of the election authority or the listing of maturity dates of any bonds either in the notice of bond election or ballot used in the bond election. The provisions of this Section concerning notice of the bond referendum apply only to (i) consolidated primary elections held prior to January 1, 2002 and the consolidated election held on April 17, 2007 at which not less than 60% of the voters voting on the bond proposition voted in favor of the bond proposition, and (ii) other elections held before July 1, 1999; otherwise, notices required in connection with the submission of public questions shall be as set forth in Section 12-5 of the Election Code. Such proposition may be initiated by resolution of the school board.

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

The proceeds of any bonds issued under authority of this Section shall be deposited and accounted for separately within the Site and Construction/Capital Improvements Fund.

(Source: P.A. 95-30, eff. 8-7-07.)

(105 ILCS 5/21-29)

Sec. 21-29. Salary Incentive Program for Hard-to-Staff

Schools.

(a) The Salary Incentive Program for Hard-to-Staff Schools is established to provide categorical funding for monetary incentives and bonuses for teachers and school administrators who are employed by school districts in schools designated as hard-to-staff by the State Board of Education.

For the purposes of this Section, "hard-to-staff school" means a public school in this State that ranks in the upper third among public schools of its type (elementary, middle, or secondary) in terms of rate of attrition of its teachers and where 40% of its students are at or below the poverty line ~~an elementary, middle, or high school that is operated by a school district and that ranks in the top 5% of schools in this State in the average rate of teacher attrition over a 5-year period~~. The State Board of Education shall allocate and distribute to qualifying schools an amount as annually appropriated by the General Assembly for the Salary Incentive Program for Hard-to-Staff Schools. The State Board of Education's annual budget must set out by separate line item the appropriation for the program. Only teachers and principals who work full time and for a full school year are eligible for the incentives and bonuses.

(b) Unless otherwise provided by appropriation, each school's annual allocation under the Salary Incentive Program for Hard-to-Staff Schools shall be the sum of the following incentives and bonuses:

(1) An annual payment of $3,000 to be paid to each certificated teacher employed as a school teacher by the school district. The school shall distribute this payment to each eligible teacher as a single payment or in not more than 3 payments.

(2) An annual payment of $5,000 to each certificated principal that is employed as a school principal by the school district. The school shall distribute this payment to each eligible principal as a single payment or in not more than 3 payments.

If the appropriation in a given fiscal year is insufficient to meet all needs under this Section, then claims under this Section must be prorated proportionally.

(c) Each regional superintendent of schools shall provide information about the Salary Incentive Program for Hard-to-Staff Schools to each individual seeking to register or renew a certificate.

(d) The State Board of Education, the Teachers' Retirement System of the State of Illinois, and the Public School Teachers' Pension and Retirement Fund of Chicago shall work together to validate data for the purposes of this Section as necessary.

(Source: P.A. 95-707, eff. 1-11-08; 95-938, eff. 8-29-08.)

(105 ILCS 5/21A-3 new)

Sec. 21A-3. Goals. The New Teacher Induction and Mentoring

Program under this Article shall accomplish the following goals:

(1) provide an effective transition into the teaching career for first year and second-year teachers in Illinois;

(2) improve the educational performance of pupils through improved training, information, and assistance for new teachers;

(3) ensure professional success and retention of new teachers;

(4) ensure that mentors provide intensive individualized support and assistance to each participating beginning teacher;

(5) ensure that an individual induction plan is in place for each beginning teacher and is based on an ongoing assessment of the development of the beginning teacher; and

(6) ensure continuous program improvement through ongoing research, development and evaluation.

(105 ILCS 5/21A-5)

Sec. 21A-5. Definitions. In this Article:

"New teacher" or "beginning teacher" means the holder of an Initial Teaching Certificate, as set forth in Section 21-2 of this Code, an Alternative Teaching Certificate, or a Transitional Bilingual Teaching Certificate, who is employed by a public school and who has not previously participated in a new teacher induction and mentoring program required by this

Article, except as provided in Section 21A-25 of this Code.

"Public school" means any school operating pursuant to the authority of this Code, including without limitation a school district, a charter school, a cooperative or joint agreement with a governing body or board of control, and a school operated by a regional office of education or State agency.

(Source: P.A. 93-355, eff. 1-1-04.)

(105 ILCS 5/21A-10)

Sec. 21A-10. Development of program required. <u>Prior to the 2011-2012</u> ~~During the 2003-2004~~ school year, each public school or 2 or more public schools acting jointly shall develop, in conjunction with its exclusive representative or their exclusive representatives, if any, a new teacher induction and mentoring program that meets the requirements set forth in Section 21A-20 of this Code to assist new teachers in developing the skills and strategies necessary for instructional excellence~~, provided that funding is made available by the State Board of Education from an appropriation made for this purpose. A public school that has an existing induction and mentoring program that does not meet the requirements set forth in Section 21A-20 of this Code may have school years 2003-2004 and 2004-2005 to develop a program that does meet those requirements and may receive funding as described in Section 21A-25 of this Code, provided that the funding is made available by the State Board of Education from~~

~~an appropriation made for this purpose. A public school with such an existing induction and mentoring program may receive funding for the 2005-2006 school year for each new teacher in the second year of a 2-year program that does not meet the requirements set forth in Section 21A-20, as long as the public school has established the required new program by the beginning of that school year as described in Section 21A-15 and provided that funding is made available by the State Board of Education from an appropriation made for this purpose as described in Section 21A-25~~.

(Source: P.A. 93-355, eff. 1-1-04.)

(105 ILCS 5/21A-15)

Sec. 21A-15. When program is to be established and implemented. Notwithstanding any other provisions of this Code, by the beginning of the <u>2011-2012</u> ~~2004-2005~~ school year ~~(or by the beginning of the 2005-2006 school year for a public school that has been given an extension of time to develop a program under Section 21A-10 of this Code)~~, each public school or 2 or more public schools acting jointly shall establish and implement, in conjunction with its exclusive representative or their exclusive representatives, if any, the new teacher induction and mentoring program required to be developed under Section 21A-10 of this Code~~, provided that funding is made available by the State Board of Education, from an appropriation made for this purpose, as described in Section~~

~~21A-25 of this Code~~. A public school may contract with an institution of higher education or other independent party to assist in implementing the program.

(Source: P.A. 93-355, eff. 1-1-04.)

(105 ILCS 5/21A-20)

Sec. 21A-20. Program requirements. Each new teacher induction and mentoring program must be based on a plan that at least does all of the following:

(1) Assigns a mentor teacher to each new teacher to provide structured and intensive mentoring, as defined by the State Board of Education, for a period of at least 2 school years.

(1.5) Ensures mentors are:

(A) carefully selected from experienced, exemplary teachers using a clearly articulated, well-defined, explicit criteria and open processes that may involve key school partners;

(B) rigorously trained using best practices in the field to ensure they are well prepared to assume their responsibilities and are consistently supported in their efforts to assist beginning teachers;

(C) provided with sufficient release time from teaching to allow them to meet their responsibilities as mentors, including regular contacts with their beginning teachers and frequent observations of their teaching practice; and

(D) equipped and selected to provide classroom-focused and content-focused support whenever possible.

(2) Aligns with the Illinois Professional Teaching Standards, content area standards, and applicable local school improvement and professional development plans, if any.

(3) (Blank). ~~Addresses all of the following elements and how they will be provided:~~

~~(A) Mentoring and support of the new teacher.~~

~~(B) Professional development specifically designed to ensure the growth of the new teacher's knowledge and skills.~~

~~(C) Formative assessment designed to ensure feedback and reflection, which must not be used in any evaluation of the new teacher.~~

(4) Describes the role of mentor teachers, the criteria and process for their selection, and how they will be trained, provided that each mentor teacher shall demonstrate the best practices in teaching his or her respective field of practice. A mentor teacher may not directly or indirectly participate in the evaluation of a new teacher pursuant to Article 24A of this Code or the evaluation procedure of the public school, unless the school district and exclusive bargaining representative of

its teachers negotiate and agree to it as part of an alternative evaluation plan under Section 24A-5 or 24A-8 of this Code.

(5) Provides ongoing professional development for both beginning teachers and mentors.

(A) Beginning teachers shall participate in an ongoing, formal network of novice colleagues for the purpose of professional learning, problem-solving, and mutual support. These regular learning opportunities shall begin with an orientation to the induction and mentoring program prior to the start of the school year and continue throughout the academic year. The group shall address issues of pedagogy, classroom management and content knowledge, beginning teachers' assessed needs, and local instructional needs or priorities.

(B) Mentors shall participate in an ongoing professional learning community that supports their practice and their use of mentoring tools, protocols, and formative assessment in order to tailor and deepen mentoring skills and advance induction practices, support program implementation, provide for mentor accountability in a supportive environment, and provide support to each mentor's emerging leadership.

(6) Provides for ongoing assessment of beginning teacher practice. Beginning teachers shall be subject to a system of formative assessment in which the novice and

mentor collaboratively collect and analyze multiple sources of data and reflect upon classroom practice in an ongoing process. This assessment system shall be based on the Illinois Professional Teaching Standards (IPTS), the IPTS Continuum of Teacher Development, or a nationally recognized teaching framework, as well as evidence of teacher practice, including student work. The assessment information shall be used to determine the scope, focus, and content of professional development activities that are the basis of the beginning teacher's individual learning plan. The program shall provide time to ensure that the quality of the process (such as observations, data collection, and reflective conversations) is not compromised.

(7) Identifies clear roles and responsibilities for both administrators and site mentor leaders who are to work collectively to ensure induction practices are integrated into existing professional development initiatives and to secure assignments and establish working conditions for beginning teachers that maximize their chances for success. Administrators and site mentor leaders must have sufficient knowledge and experience to understand the needs of beginning teachers and the role of principals in supporting each component of the program. Site administrators must take time to meet and communicate concerns with beginning teachers and their mentors.

(8) Provides for ongoing evaluation of the New Teacher Induction and Mentoring Program pursuant to Section 21A-30 of this Code.

(Source: P.A. 93-355, eff. 1-1-04.)

(105 ILCS 5/21A-25)

Sec. 21A-25. Funding. From a separate appropriation made for the purposes of this Article, for each new teacher ~~participating in a new teacher induction and mentoring program~~ that meets the requirements set forth in Section 21A-20 of this Code ~~or in an existing program that is in the process of transition to a program that meets those requirements~~, the State Board of Education shall pay the public school $6,000 ~~$1,200~~ annually for each of 2 school years for the purpose of providing one or more of the following:

(1) Mentor teacher compensation.

(2) Mentor teacher training and other resources, ~~or~~ new teacher training and other resources, or both.

(3) Release time, including costs associated with replacing a mentor teacher or new teacher in his or her regular classroom.

(4) Site-based program administration, not to exceed 10% of the total program cost.

However, if a new teacher, after participating in the new teacher induction and mentoring program for one school year, becomes employed by another public school, the State Board of

Education shall pay the teacher's new school $6,000 ~~$1,200~~ for the second school year and the teacher shall continue to be a new teacher as defined in this Article. Each public school shall determine, in conjunction with its exclusive representative, if any, how the $6,000 ~~$1,200~~ per school year for each new teacher shall be used, provided that if a mentor teacher receives additional release time to support a new teacher, the total workload of other teachers regularly employed by the public school shall not increase in any substantial manner. If the appropriation is insufficient to cover the $6,000 ~~$1,200~~ per school year for each new teacher, public schools are not required to develop or implement the program established by this Article. In the event of an insufficient appropriation, a public school or 2 or more schools acting jointly may submit an application for a grant administered by the State Board of Education and awarded on a competitive basis to establish a new teacher induction and mentoring program that meets the criteria set forth in Section 21A-20 of this Code. The State Board of Education may retain up to $1,000,000 of the appropriation for new teacher induction and mentoring programs to train mentor teachers, administrators, and other personnel, to provide best practices information, and to conduct an evaluation of these programs' impact and effectiveness.

(Source: P.A. 93-355, eff. 1-1-04.)

(105 ILCS 5/21A-30)

Sec. 21A-30. Evaluation of programs. The State Board of Education and the State Teacher Certification Board shall jointly contract with an independent party to conduct a comprehensive evaluation of new teacher induction and mentoring programs established pursuant to this Article. The first report of this evaluation shall be presented to the General Assembly on or before January 1, 2013 ~~2009~~. Subsequent evaluations shall be conducted and reports presented to the General Assembly on or before January 1 of every third year thereafter. Additionally, the State Board of Education shall prepare an annual program report for the General Assembly on or before December 31 each year. It shall summarize local program design, indicate the number of teachers served, and document rates of new teacher attrition and retention.

(Source: P.A. 93-355, eff. 1-1-04.)

(105 ILCS 5/23-3) (from Ch. 122, par. 23-3)

Sec. 23-3. Filing copy of constitution, by-laws and amendments. Within 30 days after the adoption by any such association of its constitution or by-laws or any amendment thereto, it shall file a copy thereof, certified by its president and executive director, with the Governor, the State Superintendent of Education, ~~Public Instruction~~ and the regional ~~county~~ superintendent of schools of each region ~~county~~ in which it has any membership.

(Source: Laws 1961, p. 31.)

(105 ILCS 5/23-5.5 new)

Sec. 23-5.5. Professional development and training. Any such association shall offer professional development and training to school board members on topics that include, but are not limited to, basics of school finance, financial oversight and accountability, labor law and collective bargaining, ethics, duties and responsibilities of a school board member, and board governance principles. Every school board member is expected to receive at least 4 hours of professional development and training per year.

(105 ILCS 5/23-6) (from Ch. 122, par. 23-6)

Sec. 23-6. Annual report. Each association shall make an annual report within 60 days after the close of its fiscal year to the Governor, the State Board of Education and the regional superintendent of schools of each region in which it has members, setting forth the activities of the association for the preceding fiscal year, the institutes held, the subjects discussed, and the attendance, and shall furnish the Governor, the State Board of Education and such regional superintendents with copies of all publications sent to its members. The association shall include the board training topics offered and the number of school board members that availed themselves of professional development and training.

(Source: P.A. 81-1508.)

(105 ILCS 5/24-12) (from Ch. 122, par. 24-12)

Sec. 24-12. Removal or dismissal of teachers in contractual continued service.

(a) If a teacher in contractual continued service is removed or dismissed as a result of a decision of the board to decrease the number of teachers employed by the board or to discontinue some particular type of teaching service, written notice shall be mailed to the teacher and also given the teacher either by certified mail, return receipt requested or personal delivery with receipt at least 60 days before the end of the school term, together with a statement of honorable dismissal and the reason therefor. Any teacher dismissed as a result of such decrease or discontinuance shall be paid all earned compensation on or before the third business day following the last day of pupil attendance in the regular school term.

Whenever the number of honorable dismissal notices based upon economic necessity exceeds 5 or 150% of the average number of teachers honorably dismissed in the preceding 3 years, whichever is more, then the board shall also hold a public hearing on the question of the dismissals. Following the hearing and board review, the action to approve any such reduction shall require a majority vote of the board members.

(1) Each board shall, in consultation with any

exclusive employee representatives, each year establish a list, categorized by positions, showing the length of continuing service of each teacher who is qualified to hold any such certified positions, unless an alternative method of determining a sequence of dismissal is established as provided for in this Section, in which case a list shall be made in accordance with the alternative method. Copies of the list shall be distributed to the exclusive employee representative on or before February 1 of each year.

In all such cases where a teacher in contractual continued service is removed or dismissed as a result of a decision of the board to decrease the number of teachers employed by the board or to discontinue some particular type of teaching service, ~~and in all such cases~~ the board shall first remove or dismiss all teachers who have not entered upon contractual continued service before removing or dismissing any teacher who has entered upon contractual continued service and who is legally qualified to hold a position currently held by a teacher who has not entered upon contractual continued service.

As between teachers who have entered upon contractual continued service, the teacher or teachers with the shorter length of continuing service with the district shall be dismissed first unless an alternative method of determining the sequence of dismissal is established in a collective bargaining agreement or contract between the board and a professional faculty members' organization and except that this provision shall not impair the operation of any affirmative action program in the district, regardless of whether it exists by operation of law or is conducted on a voluntary basis by the board. ~~Any teacher dismissed as a result of such decrease or discontinuance shall be paid all earned compensation on or before the third business day following the last day of pupil attendance in the regular school term.~~

(2) If the board has any vacancies for the following school term or within one calendar year from the beginning of the following school term, the positions thereby becoming available shall be tendered to the teachers so removed or dismissed so far as they are legally qualified to hold such positions; provided, however, that if the number of honorable dismissal notices based on economic necessity exceeds 15% of the number of full time equivalent positions filled by certified employees (excluding principals and administrative personnel) during the preceding school year, then if the board has any vacancies for the following school term or within 2 calendar years from the beginning of the following school term, the positions so becoming available shall be tendered to the teachers who were so notified and removed or dismissed whenever they are legally qualified to hold such positions. ~~Each board shall, in consultation with any exclusive~~

~~employee representatives, each year establish a list, categorized by positions, showing the length of continuing service of each teacher who is qualified to hold any such positions, unless an alternative method of determining a sequence of dismissal is established as provided for in this Section, in which case a list shall be made in accordance with the alternative method. Copies of the list shall be distributed to the exclusive employee representative on or before February 1 of each year. Whenever the number of honorable dismissal notices based upon economic necessity exceeds 5, or 150% of the average number of teachers honorably dismissed in the preceding 3 years, whichever is more, then the board also shall hold a public hearing on the question of the dismissals. Following the hearing and board review the action to approve any such reduction shall require a majority vote of the board members.~~

(b)(1) If a dismissal or removal is sought for any other reason or cause, including those under Section 10-22.4, the board must first approve a motion containing specific charges by a majority vote of all its members. Written notice of such charges and the teacher's right to request a hearing shall be mailed to the teacher and also given the teacher either by certified mail, return receipt requested, or personal delivery with receipt ~~shall be served upon the teacher~~ within 5 days of the adoption of the motion. Such notice shall contain a bill of particulars.

Before setting a hearing on charges stemming from causes that are considered remediable, a board must give the teacher reasonable warning in writing, stating specifically the causes that, if not removed, may result in charges; however, no such written warning shall be required if the causes have been the subject of a remediation plan pursuant to Article 24A of this Code.

If in the opinion of the board the interests of the school require it, the board may suspend the teacher pending the hearing, but the teacher shall not suffer the loss of any salary or benefits by reason of the suspension.

(2) No hearing upon the charges is required unless the teacher within 10 days after receiving notice requests in writing of the board that a hearing be scheduled, in which case the board shall schedule a hearing on those charges before a disinterested hearing officer on a date no less than 15 nor more than 30 days after the enactment of the motion. The secretary of the school board shall forward a copy of the notice to the State Board of Education.

(3) Within 5 business days after receiving this notice of hearing, the State Board of Education shall provide a list of 5 prospective, impartial hearing officers. Each person on the list must (i) be accredited by a national arbitration organization and have had a minimum of 5 years of experience directly related to labor and employment

relations matters between educational employers and educational employees or their exclusive bargaining representatives; (ii) not~~. No one on the list may~~ be a resident of the school district; (iii) beginning July 1, 2010, have participated within the past 2 years in training provided or approved by the State Board of Education for teacher dismissal hearing officers so that he or she is familiar with issues generally involved in evaluative and non-evaluative dismissals; (iv) be available to commence the hearing within 90 days and conclude the hearing within 120 days after being selected by the parties as the hearing officer; and (v) issue a decision as to whether the teacher shall be dismissed and give a copy of that decision to both the teacher and the school board within 60 days from the conclusion of the hearing or closure of the record, whichever is later. The Board and the teacher or their legal representatives within 5 business ~~3~~ days shall alternately strike one name from the list until only one name remains. Unless waived by the teacher, the teacher shall have the right to proceed first with the striking. Within 5 business ~~3~~ days of receipt of the first list provided by the State Board of Education, the board and the teacher or their legal representatives shall each have the right to reject all prospective hearing officers named on the first list and to require the State Board of Education to provide a second list of 5 prospective, impartial hearing officers, none of whom were named on the first list. Within 5 business days after receiving this request for a second list, the State Board of Education shall provide the second list of 5 prospective, impartial hearing officers. The procedure for selecting a hearing officer from the second list shall be the same as the procedure for the first list.

(4) In the alternative to selecting a hearing officer from the first or second list received from the State Board of Education or if the State Board of Education cannot provide a list that meets the foregoing requirements, the board and the teacher or their legal representatives may mutually agree to select an impartial hearing officer who is not on a list received from the State Board of Education either by direct appointment by the parties or by using procedures for the appointment of an arbitrator established by the Federal Mediation and Conciliation Service or the American Arbitration Association. The parties shall notify the State Board of Education of their intent to select a hearing officer using an alternative procedure within 3 business days of receipt of a list of prospective hearing officers provided by the State Board of Education or receipt of notice from the State Board of Education that it cannot provide a list that meets the foregoing requirements. Any person selected by the parties under this alternative procedure for the selection of a

hearing officer must meet the requirements for a hearing officer to appear on ~~shall not be a resident of the school district and shall have the same qualifications and authority as a hearing officer selected from~~ a list provided by the State Board of Education.

(5) The State Board of Education shall promulgate uniform standards and rules of procedure for such hearings. As to prehearing discovery, such rules and regulations shall, at a minimum, allow for written interrogatories, evidence depositions and requests for production of documents. They shall also require each party to provide to the other party, by no later than 45 days prior to the commencement of the hearing: (i) the ~~(1) discovery of~~ names and addresses of persons who may be called as ~~expert~~ witnesses at the hearing, with an indication of which of up to 3 witnesses may be providing the most essential testimony and a detailed summary of the facts or opinion each witness will testify to ~~the omission of any such name to result in a preclusion of the testimony of such witness in the absence of a showing of good cause and the express permission of the hearing officer; (2) bills of particulars; (3) written interrogatories~~; and (ii) all other ~~(4) production of~~ relevant documents and other materials, including information maintained electronically, whether or not the party intends to use them at the hearing. Subsequently, if a party discovers

additional materials or information that should be provided, he or she shall promptly notify and provide the additional materials to the other party or his or her counsel. If such additional material or information is discovered during the hearing, the hearing officer shall also be notified. If at any time during the course of the hearing it is brought to the attention of the hearing officer that a party has failed to provide information as required by this Section, the hearing officer may order such party to provide the material and information, grant a continuance, exclude such evidence, or enter such other order as it deems just under the circumstances. The per diem allowance for the hearing officer shall be determined and paid by the State Board of Education, provided that the per diem allowance shall be no less than the average per diem rate for Illinois arbitrators reported by the Federal Mediation and Conciliation Service for the prior calendar year. If the board and the teacher or their legal representatives mutually agree to select an impartial hearing officer who is not on a list received from the State Board of Education, they may agree to supplement the per diem allowance paid by the State Board to the hearing officer, at a rate consistent with the hearing officer's published professional fees.

The hearing officer shall hold a hearing and render a final decision. The hearing officer shall commence the hearing within 90 days and conclude the hearing within 120 days after being selected by the parties as the hearing officer, provided that these timelines may be modified upon the showing of good cause. Good cause shall mean the illness or otherwise unavoidable emergency of the teacher, district superintendent, their legal representatives, the hearing officer, or an essential witness as indicated in each party's pre-hearing submission. In a dismissal hearing, the hearing officer shall consider and give weight to all of the teacher's evaluations written pursuant to Article 24A of this Code. The teacher has the privilege of being present at the hearing with counsel and of cross-examining witnesses and may offer evidence and witnesses and present defenses to the charges. The hearing officer may issue subpoenas and subpoenas duces tecum requiring the attendance of witnesses and, at the request of the teacher against whom a charge is made or the board, shall issue such subpoenas, but the hearing officer may limit the number of witnesses to be subpoenaed in behalf of the teacher or the board to not more than 10. All testimony at the hearing shall be taken under oath administered by the hearing officer. The hearing officer shall cause a record of the proceedings to be kept and shall employ a competent reporter to take stenographic or stenotype notes of all the testimony. The costs of the reporter's attendance and services at the hearing shall be paid by the

State Board of Education. Either party desiring a transcript of the hearing shall pay for the cost thereof. ~~If in the opinion of the board the interests of the school require it, the board may suspend the teacher pending the hearing, but if acquitted the teacher shall not suffer the loss of any salary by reason of the suspension.~~

~~Before setting a hearing on charges stemming from causes that are considered remediable, a board must give the teacher reasonable warning in writing, stating specifically the causes which, if not removed, may result in charges; however, no such written warning shall be required if the causes have been the subject of a remediation plan pursuant to Article 24A.~~

(6) The hearing officer shall consider and give weight to all of the teacher's evaluations written pursuant to Article 24A. The hearing officer shall, within 30 days from the conclusion of the hearing or closure of the record, whichever is later, make a decision as to whether or not the teacher shall be dismissed and shall give a copy of the decision to both the teacher and the school board. ~~If the hearing officer fails to render a decision within 30 days, the State Board of Education shall communicate with the hearing officer to determine the date that the parties can reasonably expect to receive the decision. The State Board of Education shall provide copies of all such communications to the parties. In the event the hearing~~

~~officer fails without good cause to make a decision within the 30 day period, the name of such hearing officer shall be struck for a period of not more than 24 months from the master list of hearing officers maintained by the State Board of Education.~~ If a hearing officer fails without good cause, specifically provided in writing to both parties and the State Board of Education, to render a decision within 60 days ~~3 months~~ after the hearing is concluded or the record is closed, whichever is later, the State Board of Education shall provide the parties with a new list of prospective, impartial hearing officers, with the same qualifications provided herein, one of whom shall be selected, as provided in this Section, to rehear the charges heard by the hearing officer who failed to render a decision or to review the record and render a decision. Good cause shall mean the illness or otherwise unavoidable emergency of the hearing officer. The parties may mutually agree to select a hearing officer pursuant to the alternative procedure, as provided in this Section, to rehear the charges heard by the hearing officer who failed to render a decision or to review the record and render a decision. If any ~~the~~ hearing officer fails without good cause, specifically provided in writing to both parties and the State Board of Education, to render a decision within 60 days ~~3 months~~ after the hearing is concluded or the record is closed, whichever is later, the hearing officer shall be removed from the master list of hearing officers maintained by the State Board of Education for not more than 24 months. The State Board of Education may also take such other actions as it deems appropriate, including recovering, reducing, or withholding any fees paid or to be paid to the hearing officer. If any hearing officer repeats such failure, he or she shall be permanently removed from the master list maintained by the State Board of Education and may not be selected by parties through the alternative selection process under this Section. The board shall not lose jurisdiction to discharge a teacher if the hearing officer fails to render a decision within the time specified in this Section. If the decision of the hearing officer is in favor of the teacher, he or she shall order reinstatement to the same or a substantially equivalent position and shall determine the amount for which the board is liable, including, but not limited to, loss of income and benefits.

(7) The decision of the hearing officer is final unless reviewed as provided in Section 24-16 of this Act. In the event such review is instituted, any costs of preparing and filing the record of proceedings shall be paid by the board.

(8) If a decision of the hearing officer is adjudicated upon review or appeal in favor of the teacher, then the trial court shall order reinstatement and shall determine

the amount for which the board is liable including but not limited to loss of income, benefits, and costs incurred therein. Any teacher who is reinstated by any hearing or adjudication brought under this Section shall be assigned by the board to a position substantially similar to the one which that teacher held prior to that teacher's suspension or dismissal.

If, by reason of any change in the boundaries of school districts, or by reason of the creation of a new school district, the position held by any teacher having a contractual continued service status is transferred from one board to the control of a new or different board, the contractual continued service status of such teacher is not thereby lost, and such new or different board is subject to this Act with respect to such teacher in the same manner as if such teacher were its employee and had been its employee during the time such teacher was actually employed by the board from whose control the position was transferred.

(Source: P.A. 89-618, eff. 8-9-96; 90-224, eff. 7-25-97.)

(105 ILCS 5/24A-3) (from Ch. 122, par. 24A-3)

Sec. 24A-3. Evaluation training. School ~~Beginning January 1, 1986, school~~ boards shall require those administrators and other school employees, or -- in school districts having a population exceeding 500,000 -- assistant principals, who evaluate other certified personnel to participate at least once

every year ~~2 years~~ in an inservice workshop of at least one day on ~~either school improvement or~~ the evaluation of certified personnel provided or approved by the State Board of Education.
(Source: P.A. 86-1477; 87-1076.)

(105 ILCS 5/24A-4) (from Ch. 122, par. 24A-4)

Sec. 24A-4. Development and submission of evaluation plan. As used in this and the succeeding Sections, "teacher" means any and all school district employees regularly required to be certified under laws relating to the certification of teachers. Each school district shall develop, in cooperation with its teachers or, where applicable, the exclusive bargaining representatives of its teachers, an evaluation plan for all teachers ~~in contractual continued service~~. The district shall~~, no later than October 1, 1986,~~ submit a copy of its evaluation plan to the State Board of Education, which shall review the plan and make public its comments thereon, and the district shall at the same time provide a copy to the exclusive bargaining representatives. Whenever any substantive change is made in a district's evaluation plan, the new plan shall be submitted to the State Board of Education for review and comment, and the district shall at the same time provide a copy of any such new plan to the exclusive bargaining representative ~~representatives~~. Any substantive change in a district's evaluation plan must be developed by the district at least in cooperation with teachers or, where applicable, the exclusive bargaining representative of its teachers. The board of a school district operating under Article 34 of this Code and the exclusive representative of the district's teachers shall submit a certified copy of an agreement entered into under Section 34-85c of this Code to the State Board of Education, and that agreement shall constitute the teacher evaluation plan for teachers assigned to schools identified in that agreement. Whenever any substantive change is made in an agreement entered into under Section 34-85c of this Code by the board of a school district operating under Article 34 of this Code and the exclusive representative of the district's teachers, the new agreement shall be submitted to the State Board of Education.

(Source: P.A. 95-510, eff. 8-28-07.)

(105 ILCS 5/24A-5) (from Ch. 122, par. 24A-5)

Sec. 24A-5. Content of evaluation plans for teachers in contractual continued service. This Section does not apply to teachers assigned to schools identified in an agreement entered into between the board of a school district operating under Article 34 of this Code and the exclusive representative of the district's teachers in accordance with Section 34-85c of this Code. Each school district to which this Article applies shall establish a teacher evaluation plan which ensures that each teacher in contractual continued service is evaluated at least once in the course of every 2 school years~~, beginning with the 1986-87 school year~~.

The evaluation plan shall comply with the requirements of this Section and of any rules adopted by the State Board of Education pursuant to this Section.

The plan shall include a description of each teacher's duties and responsibilities and of the standards to which that teacher is expected to conform. Beginning with the 2010-2011 school year, these standards shall include the Illinois Professional Teaching Standards, provided that in a district subject to a collective bargaining agreement as of the effective date of this amendatory Act of the 96th General Assembly, any changes made by this amendatory Act of the 96th General Assembly shall go into effect in that district only upon expiration of that agreement, unless otherwise agreed to by the district and the exclusive bargaining representative of its teachers.

The plan may provide for evaluation of personnel whose positions require administrative certification by independent evaluators not employed by or affiliated with the school district. The results of the school district administrators' evaluations shall be reported to the employing school board, together with such recommendations for remediation as the evaluator or evaluators may deem appropriate.

The evaluation ~~Evaluation~~ of teachers whose positions do not require administrative certification shall be conducted by an administrator qualified under Section 24A-3, or -- in school districts having a population exceeding 500,000 -- by either an administrator qualified under Section 24A-3 or an assistant principal under the supervision of an administrator qualified under Section 24A-3, provided that some or all the duties of administrators and assistant principals under this Section may be delegated to other school employees if the school district and exclusive bargaining representative of its teachers negotiate and agree to it as part of an alternative evaluation plan under this Section. The evaluation~~, and~~ shall include at least the following components:

(a) personal observation of the teacher in the classroom ~~(~~on at least 2 different school days ~~in school districts having a population exceeding 500,000)~~ by a district administrator qualified under Section 24A-3, or -- in school districts having a population exceeding 500,000 -- by either an administrator qualified under Section 24A-3 or an assistant principal under the supervision of an administrator qualified under Section 24A-3, unless the teacher has no classroom duties. A written summary of the observation, in which any deficiencies in performance and recommendations for correction are identified, shall be provided to and discussed with the teacher within 10 school days after the date of the observation, unless an applicable collective bargaining agreement provides to the contrary.

(b) consideration of the teacher's attendance, planning, and instructional methods, classroom management, where relevant, and competency in the subject matter taught, where relevant.

(c) rating of the teacher's performance as "excellent", "satisfactory" or "unsatisfactory".

(d) specification as to the teacher's strengths and weaknesses, with details of specific examples and supporting reasons for the comments made.

(e) ~~inclusion of a copy of the evaluation in the teacher's personnel file and~~ provision of a copy of the evaluation to the teacher and inclusion of the copy and the teacher's response to it in the teacher's personnel file.

(f) within 30 school days after completion of an overall evaluation rating a teacher as "unsatisfactory", development and commencement by the district, or by an administrator qualified under Section 24A-3 or an assistant principal under the supervision of an administrator qualified under Section 24A-3 in school districts having a population exceeding 500,000, in consultation with the teacher and the consulting teacher, of a remediation plan designed to correct deficiencies cited, provided the deficiencies are deemed remediable. In all school districts the remediation plan for unsatisfactory, tenured teachers shall provide for 90 school days of remediation within the classroom. In all school districts evaluations issued pursuant to this Section shall be issued within 10 days after the conclusion of the respective remediation plan. However, the school board or other governing authority of the district shall not lose jurisdiction to discharge a teacher in the event the evaluation is not issued within 10 days after the conclusion of the respective remediation plan.

(g) participation in the remediation plan by the teacher rated "unsatisfactory", a district administrator qualified under Section 24A-3 (or -- in a school district having a population exceeding 500,000 -- an administrator qualified under Section 24A-3 or an assistant principal under the supervision of an administrator qualified under Section 24A-3), and a consulting teacher, selected by the participating administrator or by the principal, or -- in school districts having a population exceeding 500,000 -- by an administrator qualified under Section 24A-3 or by an assistant principal under the supervision of an administrator qualified under Section 24A-3, of the teacher who was rated "unsatisfactory", which consulting teacher is an educational employee as defined in the Educational Labor Relations Act, has at least 5 years' teaching experience and a reasonable familiarity with the assignment of the teacher being evaluated, and who received an "excellent" rating on his or her most recent evaluation. Where no teachers who meet these criteria are available within the district, the district shall request and the State Board of Education shall supply, to participate in the remediation process, an individual who meets these criteria.

In a district having a population of less than 500,000 with an exclusive bargaining agent, the bargaining agent may, if it so chooses, supply a roster of qualified teachers from whom the consulting teacher is to be selected. That roster shall, however, contain the names of at least 5 teachers, each of whom meets the criteria for consulting teacher with regard to the teacher being evaluated, or the names of all teachers so qualified if that number is less than 5. In the event of a dispute as to qualification, the State Board shall determine qualification.

(h) evaluations and ratings once every 30 school days for the 90 school day remediation period immediately following receipt of a remediation plan provided for under subsections (f) and (g) of this Section; provided that in school districts having a population exceeding 500,000 there shall be monthly evaluations and ratings for the first 6 months and quarterly evaluations and ratings for the next 6 months immediately following completion of the remediation program of a teacher for whom a remediation plan has been developed. Each evaluation shall assess the teacher's performance during the time period since the prior evaluation, provided that the last evaluation shall also include an overall evaluation of the teacher's performance during the remediation period. A written copy of the evaluations and ratings, in which any deficiencies in performance and recommendations for correction are identified, shall be provided to and discussed with the teacher within 10 school days after the date of the evaluation, unless an applicable collective bargaining agreement provides to the contrary. These subsequent evaluations shall be conducted by the participating administrator, or -- in school districts having a population exceeding 500,000 -- by either the principal or by an assistant principal under the supervision of an administrator qualified under Section 24A-3. The consulting teacher shall provide advice to the teacher rated "unsatisfactory" on how to improve teaching skills and to successfully complete the remediation plan. The consulting teacher shall participate in developing the remediation plan, but the final decision as to the evaluation shall be done solely by the administrator, or -- in school districts having a population exceeding 500,000 -- by either the principal or by an assistant principal under the supervision of an administrator qualified under Section 24A-3, unless an applicable collective bargaining agreement provides to the contrary. Teachers in the remediation process in a school district having a population exceeding 500,000 are not subject to the annual evaluations described in paragraphs (a) through (e) of this

Section. Evaluations at the conclusion of the remediation process shall be separate and distinct from the required annual evaluations of teachers and shall not be subject to the guidelines and procedures relating to those annual evaluations. The evaluator may but is not required to use the forms provided for the annual evaluation of teachers in the district's evaluation plan.

(i) in school districts having a population of less than 500,000, reinstatement to a schedule of biennial evaluation for any teacher who completes the 90 school day remediation plan with a "satisfactory" or better rating, unless the district's plan regularly requires more frequent evaluations; and in school districts having a population exceeding 500,000, reinstatement to a schedule of biennial evaluation for any teacher who completes the 90 school day remediation plan with a "satisfactory" or better rating and the one year intensive review schedule as provided in paragraph (h) of this Section with a "satisfactory" or better rating, unless such district's plan regularly requires more frequent evaluations.

(j) dismissal in accordance with Section 24-12 or 34-85 of the School Code of any teacher who fails to complete any applicable remediation plan with a "satisfactory" or better rating. Districts and teachers subject to dismissal hearings are precluded from compelling the testimony of consulting teachers at such hearings under Section 24-12 or

34-85, either as to the rating process or for opinions of performances by teachers under remediation.

Notwithstanding paragraphs (a) through (i) of this Section, each school district and the exclusive bargaining representative of its teachers may negotiate and agree to an alternative evaluation plan for its teachers that does not include or modifies one or more of those components. The alternative plan may in part use growth model assessment, peer assistance, and peer review to evaluate teachers, provided that individual teacher data based upon student performance and progress shall be confidential and shall not be a public record.

~~In a district subject to a collective bargaining agreement as of the effective date of this amendatory Act of 1997, any changes made by this amendatory Act to the provisions of this Section that are contrary to the express terms and provisions of that agreement shall go into effect in that district only upon expiration of that agreement. Thereafter, collectively bargained evaluation plans shall at a minimum meet the standards of this Article. If such a district has an evaluation plan, however, whether pursuant to the collective bargaining agreement or otherwise, a copy of that plan shall be submitted to the State Board of Education for review and comment, in accordance with Section 24A-4.~~

Nothing in this Section shall be construed as preventing immediate dismissal of a teacher for deficiencies which are deemed irremediable or for actions which are injurious to or endanger the health or person of students in the classroom or school. Failure to strictly comply with the time requirements contained in Section 24A-5 shall not invalidate the results of the remediation plan.

(Source: P.A. 95-510, eff. 8-28-07.)

(105 ILCS 5/24A-6) (from Ch. 122, par. 24A-6)

Sec. 24A-6. Alternative evaluations. The school board of any school district which ~~has not evaluated all of its teachers by the end of the 1987-88 school year, or which~~ fails to evaluate such teachers ~~within every 2 school years thereafter,~~ as provided for in this Article shall report the names and titles of such employees and the reasons for the failure to evaluate to the State Board of Education. In districts where a collectively bargained plan already exists, that plan shall be used to evaluate the teachers in that district, rather than using the evaluation plan developed by the State Board of Education unless the collectively bargained plan does not meet the requirements of <u>this Article</u> ~~subsections (a) through (d) of Section 24A-5~~. In cases where an evaluation instrument is in dispute, the State Board of Education shall postpone its evaluation until the dispute is resolved. Upon receipt of such reports or if otherwise made aware that such evaluations have not been conducted, the State Board of Education shall enter upon the district premises and evaluate the teachers in accordance with an evaluation plan developed by the State Board of Education, which plan shall parallel as closely as possible the requirements of this Article ~~subsections (a) through (d) of Section 24A.5~~. The results of the State Board evaluation shall be communicated to the school board, which shall supply a copy to the teacher, place a copy in the teacher's personnel file, and, where necessary, undertake a remediation program as provided for in this Article ~~defined in subsections (f) through (j) of Section 24A-5~~.

(Source: P.A. 86-201.)

(105 ILCS 5/24A-8) (from Ch. 122, par. 24A-8)

Sec. 24A-8. Content of evaluation plans for ~~Evaluation of~~ teachers not in contractual continued service. This Section does not apply to teachers assigned to schools identified in an agreement entered into between the board of a school district operating under Article 34 of this Code and the exclusive representative of the district's teachers in accordance with Section 34-85c of this Code. Each school district to which this Article applies shall establish a teacher evaluation plan that ensures that each ~~Beginning with the 1987-88 school year each~~ teacher not in contractual continued service shall be evaluated at least once each school year. The district's evaluation plan and any substantive change in it must be developed by the district at least in cooperation with its teachers or, where applicable, the exclusive bargaining representative of its teachers.

The evaluation plan shall comply with the requirements of this Section and of any rules adopted by the State Board of Education pursuant to this Section.

The plan shall include a description of each teacher's duties and responsibilities and of the standards to which that teacher is expected to conform. Beginning with the 2010-2011 school year, these standards may include the Illinois Professional Teaching Standards, provided that in a district subject to a collective bargaining agreement as of the effective date of this amendatory Act of the 96th General Assembly, any changes made by this amendatory Act of the 96th General Assembly shall go into effect in that district only upon expiration of that agreement, unless otherwise agreed to by the district and the exclusive bargaining representative of its teachers.

The evaluation of teachers shall be conducted by an administrator qualified under Section 24A-3 of this Code, provided that some or all the duties of administrators under this Section may be delegated to other school employees if the school district and exclusive bargaining representative of its teachers negotiate and agree to it as part of an alternative plan under this Section. The evaluation shall include at least the following components:

(1) Personal observation of the teacher in the classroom on at least 2 different school days by a district

administrator qualified under Section 24A-3 of this Code, unless the teacher has no classroom duties. A written summary of the observation, in which any deficiencies in performance and recommendations for correction are identified, shall be provided to and discussed with the teacher within 10 school days after the date of the observation, unless an applicable collective bargaining agreement provides to the contrary.

(2) Consideration of the teacher's attendance, planning, and instructional methods, classroom management, where relevant, and competency in the subject matter taught, where relevant.

(3) Specification as to the teacher's strengths and weaknesses, with details of specific examples and supporting reasons for the comments made.

(4) Provision of a copy of the evaluation to the teacher and inclusion of the copy and the teacher's response to it in the teacher's personnel file.

Notwithstanding subdivisions (1) through (4) of this Section, each school district and the exclusive bargaining representative of its teachers may negotiate and agree to an alternative evaluation plan for its teachers that does not include or modifies one or more of the foregoing components. The alternative plan may in part use growth model assessment, peer assistance, and peer review to evaluate teachers, provided that individual teacher data based upon student performance and progress shall be confidential and shall not be a public record.

(Source: P.A. 84-1419.)

(105 ILCS 5/34-18.37 new)

Sec. 34-18.37. Financial policies. Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, the board shall adopt a formal, written financial policy. The policy may include information in the following areas:

(1) Debt capacity, issuance, and management.

(2) Capital asset management.

(3) Reserve or stabilization fund goals.

(4) Periodic budget to actual comparison reports.

(5) Fees and charges.

(6) The use of one-time revenue.

(7) Risk management related to internal controls.

(8) Purchasing.

(9) Vehicle acquisition and maintenance.

The board shall make the policy publicly available.

(105 ILCS 5/34-18.38 new)

Sec. 34-18.38. Long-term financial plan. Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, the board shall develop a long-term financial plan that extends over at least a

3-year period and that is updated and approved annually. The plan must include multi-year forecasts of revenues, expenditures, and debt. The board may make the plan available to the public by publishing it as a separate document and submitting it with the annual budget or by posting the plan as a document on the school district's Internet website. The forecasts that are the foundation of the plan must be available to participants in the budget process before budgetary decisions are made. The public must be provided opportunities for providing dialog with respect to the long-term financial planning process. Public access and review shall take place as part of the official budget hearing process in accordance with Section 34-46 of this Code.

(105 ILCS 5/34-18.39 new)

Sec. 34-18.39. Capital improvement plan. Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, the board shall develop a 5-year capital improvement plan that is updated and approved annually. The plan must include a summary list of the description of the capital projects to be completed over the next 5 years, along with projected expenditures, and revenue sources. The board shall make the plan available to the public. The board shall hold a public hearing on the capital improvement plan, which hearing may be held at a regularly scheduled meeting of the board. This hearing shall be held in the same manner and subject to the same notice and other requirements as the public hearing required prior to adoption of the budget in conformity with Section 34-46 of this Code.

(105 ILCS 5/34-18.40 new)

Sec. 34-18.40. School district financial accountability.

(a) The board shall annually include a user-friendly executive summary as part of the district's budget. The executive summary shall include all of the following:

(1) The district's major goals and objectives.

(2) A discussion of the major financial factors and trends affecting the budget, such as changes in revenues, enrollment, and debt.

(3) A description of the budget process.

(4) An overview of revenues and expenditures for all funds, including at least 3 to 5 years of prior and future trends, based on data from the annual financial report.

(5) An explanation of significant financial and demographic trends.

(6) An explanation of the reasons for a budget deficit and an explanation of how the deficit is being addressed.

(7) A budget forecast for at least 3 to 5 years in the future.

(8) Student enrollment trends, including a future forecast.

(9) The number of personnel by type.

(10) Changes in both the long term and short term debt burden.

(b) Beginning with the second fiscal year after the effective date of this amendatory Act of the 96th General Assembly, the board shall annually include in the full budget document the following items; any or all of the following items may be published as separate documents provided that they are explicitly referenced in the annual budget and attached thereto and provided that they are made publicly available at the same time as the tentative budget document:

(1) An organizational chart.

(2) Formal financial policies pursuant to Section 34-18.37 of this Code.

(3) The district's long-term financial plan pursuant to Section 34-18.38 of this Code or a summary of the long-term financial plan.

(4) The district's capital improvement plan pursuant to Section 34-18.39 of this Code or a summary of the capital improvement plan.

(105 ILCS 5/34-18.41 new)

Sec. 34-18.41. Audit committee. The board shall establish an audit committee, which may include members of the board, other appropriate officers, or persons who do not serve on the board, to review audit reports and any other financial reports and documents, including management letters prepared by or on behalf of the board. Nothing in this Section prohibits the school district from maintaining its own internal audit function.

(105 ILCS 5/3-6 rep.)

(105 ILCS 5/3-6.1 rep.)

Section 90. The School Code is amended by repealing Sections 3-6 and 3-6.1.

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