



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB2890

Introduced 2/22/2011, by Rep. Michelle Mussman

SYNOPSIS AS INTRODUCED:

105 ILCS 5/17-1

from Ch. 122, par. 17-1

Amends the School Code. With respect to the annual budget of a school district with under 500,000 inhabitants, provides that, beginning with the budget for the 2012-2013 school year, 85% of State funding under the State aid formula provisions of the Code must be dedicated to objects and purposes related to classroom teaching. Provides that the State Board of Education shall, by rule, determine which objects and purposes are related to classroom teaching.

LRB097 07285 NHT 47394 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning education.

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

4 Section 5. The School Code is amended by changing Section
5 17-1 as follows:

6 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

7 Sec. 17-1. Annual Budget. The board of education of each
8 school district under 500,000 inhabitants shall, within or
9 before the first quarter of each fiscal year, adopt and file
10 with the State Board of Education an annual balanced budget
11 which it deems necessary to defray all necessary expenses and
12 liabilities of the district, and in such annual budget shall
13 specify the objects and purposes of each item and amount needed
14 for each object or purpose. Beginning with the budget for the
15 2012-2013 school year, 85% of State funding under Section
16 18-8.05 of this Code must be dedicated to objects and purposes
17 related to classroom teaching. The State Board of Education
18 shall, by rule, determine which objects and purposes are
19 related to classroom teaching.

20 The budget shall be entered upon a School District Budget
21 form prepared and provided by the State Board of Education and
22 therein shall contain a statement of the cash on hand at the
23 beginning of the fiscal year, an estimate of the cash expected

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

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

22 The board of education of each district shall fix a fiscal
23 year therefor. If the beginning of the fiscal year of a
24 district is subsequent to the time that the tax levy due to be
25 made in such fiscal year shall be made, then such annual budget
26 shall be adopted prior to the time such tax levy shall be made.

1 The failure by a board of education of any district to adopt an
2 annual budget, or to comply in any respect with the provisions
3 of this Section, shall not affect the validity of any tax levy
4 of the district otherwise in conformity with the law. With
5 respect to taxes levied either before, on, or after the
6 effective date of this amendatory Act of the 91st General
7 Assembly, (i) a tax levy is made for the fiscal year in which
8 the levy is due to be made regardless of which fiscal year the
9 proceeds of the levy are expended or are intended to be
10 expended, and (ii) except as otherwise provided by law, a board
11 of education's adoption of an annual budget in conformity with
12 this Section is not a prerequisite to the adoption of a valid
13 tax levy and is not a limit on the amount of the levy.

14 Such budget shall be prepared in tentative form by some
15 person or persons designated by the board, and in such
16 tentative form shall be made conveniently available to public
17 inspection for at least 30 days prior to final action thereon.
18 At least 1 public hearing shall be held as to such budget prior
19 to final action thereon. Notice of availability for public
20 inspection and of such public hearing shall be given by
21 publication in a newspaper published in such district, at least
22 30 days prior to the time of such hearing. If there is no
23 newspaper published in such district, notice of such public
24 hearing shall be given by posting notices thereof in 5 of the
25 most public places in such district. It shall be the duty of
26 the secretary of such board to make such tentative budget

1 available to public inspection, and to arrange for such public
2 hearing. The board may from time to time make transfers between
3 the various items in any fund not exceeding in the aggregate
4 10% of the total of such fund as set forth in the budget. The
5 board may from time to time amend such budget by the same
6 procedure as is herein provided for its original adoption.

7 Beginning July 1, 1976, the board of education, or regional
8 superintendent, or governing board responsible for the
9 administration of a joint agreement shall, by September 1 of
10 each fiscal year thereafter, adopt an annual budget for the
11 joint agreement in the same manner and subject to the same
12 requirements as are provided in this Section.

13 The State Board of Education shall exercise powers and
14 duties relating to budgets as provided in Section 2-3.27 of
15 this Code and shall require school districts to submit their
16 annual budgets, deficit reduction plans, and other financial
17 information, including revenue and expenditure reports and
18 borrowing and interfund transfer plans, in such form and within
19 the timelines designated by the State Board of Education.

20 By fiscal year 1982 all school districts shall use the
21 Program Budget Accounting System.

22 In the case of a school district receiving emergency State
23 financial assistance under Article 1B, the school board shall
24 also be subject to the requirements established under Article
25 1B with respect to the annual budget.

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