

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 Property Tax Code is amended by changing  
5 Sections 18-15, 18-50.1, 18-92, and 18-241 as follows:

6 (35 ILCS 200/18-15)

7 Sec. 18-15. Filing of levies of taxing districts.

8 (a) Notwithstanding any other law to the contrary, all  
9 taxing districts, other than a school district subject to the  
10 authority of a Financial Oversight Panel pursuant to Article 1H  
11 of the School Code, shall annually certify to the county clerk,  
12 on or before the last Tuesday in December, the several amounts  
13 that they have levied.

14 (b) A school district subject to the authority of a  
15 Financial Oversight Panel pursuant to Article 1H of the School  
16 Code shall file a certificate of tax levy, necessary to effect  
17 the implementation of the approved financial plan and the  
18 approval of the Panel, as otherwise provided by this Section,  
19 except that the certificate must be certified to the county  
20 clerk on or before the first Tuesday in November.

21 (c) If a school district as specified in subsection (b) of  
22 this Section fails to certify and return the certificate of tax  
23 levy, necessary to effect the implementation of the approved

1 financial plan and the approval of the Financial Oversight  
2 Panel, to the county clerk on or before the first Tuesday in  
3 November, then the Financial Oversight Panel for the school  
4 district shall proceed to adopt, certify, and return a  
5 certificate of tax levy for the school district to the county  
6 clerk on or before the last Tuesday in December.

7 (Source: P.A. 87-17; 87-738; 87-895; 88-455.)

8 (35 ILCS 200/18-50.1)

9 Sec. 18-50.1. School Finance Authority and Financial  
10 Oversight Panel levies.

11 (a) Notwithstanding any other law to the contrary, any levy  
12 adopted by a School Finance Authority created under Article 1F  
13 of the School Code is valid and shall be extended by the county  
14 clerk if it is certified to the county clerk by the Authority  
15 in sufficient time to allow the county clerk to include the  
16 levy in the extension for the taxable year.

17 (b) Notwithstanding any other law to the contrary, any levy  
18 adopted by a Financial Oversight Panel created under Article 1H  
19 of the School Code and levied pursuant to Section 1H-75 of the  
20 School Code is valid and shall be extended by the county clerk  
21 if it is certified to the county clerk by the Panel in  
22 sufficient time to allow the county clerk to include the levy  
23 in the extension for the taxable year.

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

1 (35 ILCS 200/18-92)

2 Sec. 18-92. Downstate School Finance Authority for  
3 Elementary Districts Law and Financial Oversight Panel Law.

4 (a) The provisions of the Truth in Taxation Law are subject  
5 to the Downstate School Finance Authority for Elementary  
6 Districts Law.

7 (b) A Financial Oversight Panel created under Article 1H of  
8 the School Code is subject to the provisions of the Truth in  
9 Taxation Law with respect to tax levies filed by it on behalf  
10 of a school district, as well as with respect to any tax levies  
11 it may file on its own behalf.

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

13 (35 ILCS 200/18-241)

14 Sec. 18-241. School Finance Authority and Financial  
15 Oversight Panel.

16 (a) A School Finance Authority established under Article 1E  
17 or 1F of the School Code shall not be a taxing district for  
18 purposes of this Law. A Financial Oversight Panel established  
19 under Article 1H of the School Code shall not be a taxing  
20 district for purposes of this Law.

21 (b) This Law shall not apply to the extension of taxes for  
22 a school district for the levy year in which a School Finance  
23 Authority for the district is created pursuant to Article 1E or  
24 1F of the School Code. This Law shall not apply to the  
25 extension of taxes for the purpose of repaying an emergency

1 financial assistance loan levied pursuant to Section 1H-65 of  
2 the School Code.

3 (Source: P.A. 92-547, eff. 6-13-02; 93-501, eff. 8-11-03.)

4 Section 10. The Illinois Pension Code is amended by  
5 changing Sections 7-105, 7-109, and 7-132 as follows:

6 (40 ILCS 5/7-105) (from Ch. 108 1/2, par. 7-105)

7 Sec. 7-105. "Municipality": A city, village, incorporated  
8 town, county, township; a Financial Oversight Panel  
9 established pursuant to Article 1H of the School Code; and any  
10 school, park, sanitary, road forest preserve, water, fire  
11 protection, public health, river conservancy, mosquito  
12 abatement, tuberculosis sanitarium, public community college  
13 district, or other local district with general continuous power  
14 to levy taxes on the property within such district; now  
15 existing or hereafter created within the State; and, for the  
16 purposes of providing annuities and benefits to its employees,  
17 the fund itself.

18 (Source: P.A. 84-1308.)

19 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

20 Sec. 7-109. Employee.

21 (1) "Employee" means any person who:

22 (a) 1. Receives earnings as payment for the performance  
23 of personal services or official duties out of the

1           general fund of a municipality, or out of any special  
2           fund or funds controlled by a municipality, or by an  
3           instrumentality thereof, or a participating  
4           instrumentality, including, in counties, the fees or  
5           earnings of any county fee office; and

6           2. Under the usual common law rules applicable in  
7           determining the employer-employee relationship, has  
8           the status of an employee with a municipality, or any  
9           instrumentality thereof, or a participating  
10          instrumentality, including aldermen, county  
11          supervisors and other persons (excepting those  
12          employed as independent contractors) who are paid  
13          compensation, fees, allowances or other emolument for  
14          official duties, and, in counties, the several county  
15          fee offices.

16          (b) Serves as a township treasurer appointed under the  
17          School Code, as heretofore or hereafter amended, and who  
18          receives for such services regular compensation as  
19          distinguished from per diem compensation, and any regular  
20          employee in the office of any township treasurer whether or  
21          not his earnings are paid from the income of the permanent  
22          township fund or from funds subject to distribution to the  
23          several school districts and parts of school districts as  
24          provided in the School Code, or from both such sources; or  
25          is the chief executive officer, chief educational officer,  
26          chief fiscal officer, or other employee of a Financial

1 Oversight Panel established pursuant to Article 1H of the  
2 School Code, other than a superintendent or certified  
3 school business official, except that such person shall not  
4 be treated as an employee under this Section if that person  
5 has negotiated with the Financial Oversight Panel, in  
6 conjunction with the school district, a contractual  
7 agreement for exclusion from this Section.

8 (c) Holds an elective office in a municipality,  
9 instrumentality thereof or participating instrumentality.

10 (2) "Employee" does not include persons who:

11 (a) Are eligible for inclusion under any of the  
12 following laws:

13 1. "An Act in relation to an Illinois State  
14 Teachers' Pension and Retirement Fund", approved May  
15 27, 1915, as amended;

16 2. Articles 15 and 16 of this Code.

17 However, such persons shall be included as employees to  
18 the extent of earnings that are not eligible for inclusion  
19 under the foregoing laws for services not of an  
20 instructional nature of any kind.

21 However, any member of the armed forces who is employed  
22 as a teacher of subjects in the Reserve Officers Training  
23 Corps of any school and who is not certified under the law  
24 governing the certification of teachers shall be included  
25 as an employee.

26 (b) Are designated by the governing body of a

1 municipality in which a pension fund is required by law to  
2 be established for policemen or firemen, respectively, as  
3 performing police or fire protection duties, except that  
4 when such persons are the heads of the police or fire  
5 department and are not eligible to be included within any  
6 such pension fund, they shall be included within this  
7 Article; provided, that such persons shall not be excluded  
8 to the extent of concurrent service and earnings not  
9 designated as being for police or fire protection duties.  
10 However, (i) any head of a police department who was a  
11 participant under this Article immediately before October  
12 1, 1977 and did not elect, under Section 3-109 of this Act,  
13 to participate in a police pension fund shall be an  
14 "employee", and (ii) any chief of police who elects to  
15 participate in this Fund under Section 3-109.1 of this  
16 Code, regardless of whether such person continues to be  
17 employed as chief of police or is employed in some other  
18 rank or capacity within the police department, shall be an  
19 employee under this Article for so long as such person is  
20 employed to perform police duties by a participating  
21 municipality and has not lawfully rescinded that election.

22 (3) All persons, including, without limitation, public  
23 defenders and probation officers, who receive earnings from  
24 general or special funds of a county for performance of  
25 personal services or official duties within the territorial  
26 limits of the county, are employees of the county (unless

1 excluded by subsection (2) of this Section) notwithstanding  
2 that they may be appointed by and are subject to the direction  
3 of a person or persons other than a county board or a county  
4 officer. It is hereby established that an employer-employee  
5 relationship under the usual common law rules exists between  
6 such employees and the county paying their salaries by reason  
7 of the fact that the county boards fix their rates of  
8 compensation, appropriate funds for payment of their earnings  
9 and otherwise exercise control over them. This finding and this  
10 amendatory Act shall apply to all such employees from the date  
11 of appointment whether such date is prior to or after the  
12 effective date of this amendatory Act and is intended to  
13 clarify existing law pertaining to their status as  
14 participating employees in the Fund.

15 (Source: P.A. 90-460, eff. 8-17-97.)

16 (40 ILCS 5/7-132) (from Ch. 108 1/2, par. 7-132)

17 Sec. 7-132. Municipalities, instrumentalities and  
18 participating instrumentalities included and effective dates.

19 (A) Municipalities and their instrumentalities.

20 (a) The following described municipalities, but not  
21 including any with more than 1,000,000 inhabitants, and the  
22 instrumentalities thereof, shall be included within and be  
23 subject to this Article beginning upon the effective dates  
24 specified by the Board:



1           (1) Except as to the municipalities and  
2           instrumentalities thereof specifically excluded under this  
3           Article, every county shall be subject to this Article, and  
4           all cities, villages and incorporated towns having a  
5           population in excess of 5,000 inhabitants as determined by  
6           the last preceding decennial or subsequent federal census,  
7           shall be subject to this Article following publication of  
8           the census by the Bureau of the Census. Within 90 days  
9           after publication of the census, the Board shall notify any  
10          municipality that has become subject to this Article as a  
11          result of that census, and shall provide information to the  
12          corporate authorities of the municipality explaining the  
13          duties and consequences of participation. The notification  
14          shall also include a proposed date upon which participation  
15          by the municipality will commence.

16                 However, for any city, village or incorporated town  
17          that attains a population over 5,000 inhabitants after  
18          having provided social security coverage for its employees  
19          under the Social Security Enabling Act, participation  
20          under this Article shall not be mandatory but may be  
21          elected in accordance with subparagraph (3) or (4) of this  
22          paragraph (a), whichever is applicable.

23                 (2) School districts, other than those specifically  
24          excluded under this Article, shall be subject to this  
25          Article, without election, with respect to all employees  
26          thereof.

1           (3) Towns and all other bodies politic and corporate  
2           which are formed by vote of, or are subject to control by,  
3           the electors in towns and are located in towns which are  
4           not participating municipalities on the effective date of  
5           this Act, may become subject to this Article by election  
6           pursuant to Section 7-132.1.

7           (4) Any other municipality (together with its  
8           instrumentalities), other than those specifically excluded  
9           from participation and those described in paragraph (3)  
10          above, may elect to be included either by referendum under  
11          Section 7-134 or by the adoption of a resolution or  
12          ordinance by its governing body. A copy of such resolution  
13          or ordinance duly authenticated and certified by the clerk  
14          of the municipality or other appropriate official of its  
15          governing body shall constitute the required notice to the  
16          board of such action.

17          (b) A municipality that is about to begin participation  
18          shall submit to the Board an application to participate, in a  
19          form acceptable to the Board, not later than 90 days prior to  
20          the proposed effective date of participation. The Board shall  
21          act upon the application within 90 days, and if it finds that  
22          the application is in conformity with its requirements and the  
23          requirements of this Article, participation by the applicant  
24          shall commence on a date acceptable to the municipality and  
25          specified by the Board, but in no event more than one year from  
26          the date of application.

1 (c) A participating municipality which succeeds to the  
2 functions of a participating municipality which is dissolved or  
3 terminates its existence shall assume and be transferred the  
4 net accumulation balance in the municipality reserve and the  
5 municipality account receivable balance of the terminated  
6 municipality.

7 (d) In the case of a Veterans Assistance Commission whose  
8 employees were being treated by the Fund on January 1, 1990 as  
9 employees of the county served by the Commission, the Fund may  
10 continue to treat the employees of the Veterans Assistance  
11 Commission as county employees for the purposes of this  
12 Article, unless the Commission becomes a participating  
13 instrumentality in accordance with subsection (B) of this  
14 Section.

15 (B) Participating instrumentalities.

16 (a) The participating instrumentalities designated in  
17 paragraph (b) of this subsection shall be included within and  
18 be subject to this Article if:

19 (1) an application to participate, in a form acceptable  
20 to the Board and adopted by a two-thirds vote of the  
21 governing body, is presented to the Board not later than 90  
22 days prior to the proposed effective date; and

23 (2) the Board finds that the application is in  
24 conformity with its requirements, that the applicant has  
25 reasonable expectation to continue as a political entity

1 for a period of at least 10 years and has the prospective  
2 financial capacity to meet its current and future  
3 obligations to the Fund, and that the actuarial soundness  
4 of the Fund may be reasonably expected to be unimpaired by  
5 approval of participation by the applicant.

6 The Board shall notify the applicant of its findings within  
7 90 days after receiving the application, and if the Board  
8 approves the application, participation by the applicant shall  
9 commence on the effective date specified by the Board.

10 (b) The following participating instrumentalities, so long  
11 as they meet the requirements of Section 7-108 and the area  
12 served by them or within their jurisdiction is not located  
13 entirely within a municipality having more than one million  
14 inhabitants, may be included hereunder:

15 i. Township School District Trustees.

16 ii. Multiple County and Consolidated Health  
17 Departments created under Division 5-25 of the Counties  
18 Code or its predecessor law.

19 iii. Public Building Commissions created under the  
20 Public Building Commission Act, and located in counties of  
21 less than 1,000,000 inhabitants.

22 iv. A multitype, consolidated or cooperative library  
23 system created under the Illinois Library System Act. Any  
24 library system created under the Illinois Library System  
25 Act that has one or more predecessors that participated in  
26 the Fund may participate in the Fund upon application. The

1 Board shall establish procedures for implementing the  
2 transfer of rights and obligations from the predecessor  
3 system to the successor system.

4 v. Regional Planning Commissions created under  
5 Division 5-14 of the Counties Code or its predecessor law.

6 vi. Local Public Housing Authorities created under the  
7 Housing Authorities Act, located in counties of less than  
8 1,000,000 inhabitants.

9 vii. Illinois Municipal League.

10 viii. Northeastern Illinois Metropolitan Area Planning  
11 Commission.

12 ix. Southwestern Illinois Metropolitan Area Planning  
13 Commission.

14 x. Illinois Association of Park Districts.

15 xi. Illinois Supervisors, County Commissioners and  
16 Superintendents of Highways Association.

17 xii. Tri-City Regional Port District.

18 xiii. An association, or not-for-profit corporation,  
19 membership in which is authorized under Section 85-15 of  
20 the Township Code.

21 xiv. Drainage Districts operating under the Illinois  
22 Drainage Code.

23 xv. Local mass transit districts created under the  
24 Local Mass Transit District Act.

25 xvi. Soil and water conservation districts created  
26 under the Soil and Water Conservation Districts Law.

1           xvii. Commissions created to provide water supply or  
2 sewer services or both under Division 135 or Division 136  
3 of Article 11 of the Illinois Municipal Code.

4           xviii. Public water districts created under the Public  
5 Water District Act.

6           xix. Veterans Assistance Commissions established under  
7 Section 9 of the Military Veterans Assistance Act that  
8 serve counties with a population of less than 1,000,000.

9           xx. The governing body of an entity, other than a  
10 vocational education cooperative, created under an  
11 intergovernmental cooperative agreement established  
12 between participating municipalities under the  
13 Intergovernmental Cooperation Act, which by the terms of  
14 the agreement is the employer of the persons performing  
15 services under the agreement under the usual common law  
16 rules determining the employer-employee relationship. The  
17 governing body of such an intergovernmental cooperative  
18 entity established prior to July 1, 1988 may make  
19 participation retroactive to the effective date of the  
20 agreement and, if so, the effective date of participation  
21 shall be the date the required application is filed with  
22 the fund. If any such entity is unable to pay the required  
23 employer contributions to the fund, then the participating  
24 municipalities shall make payment of the required  
25 contributions and the payments shall be allocated as  
26 provided in the agreement or, if not so provided, equally

1 among them.

2 xxi. The Illinois Municipal Electric Agency.

3 xxii. The Waukegan Port District.

4 xxiii. The Fox Waterway Agency created under the Fox  
5 Waterway Agency Act.

6 xxiv. The Illinois Municipal Gas Agency.

7 xxv. The Kaskaskia Regional Port District.

8 xxvi. The Southwestern Illinois Development Authority.

9 xxvii. The Cairo Public Utility Company.

10 xxviii. Except with respect to employees who elect to  
11 participate in the State Employees' Retirement System of  
12 Illinois under Section 14-104.13 of this Code, the Chicago  
13 Metropolitan Agency for Planning created under the  
14 Regional Planning Act, provided that, with respect to the  
15 benefits payable pursuant to Sections 7-146, 7-150, and  
16 7-164 and the requirement that eligibility for such  
17 benefits is conditional upon satisfying a minimum period of  
18 service or a minimum contribution, any employee of the  
19 Chicago Metropolitan Agency for Planning that was  
20 immediately prior to such employment an employee of the  
21 Chicago Area Transportation Study or the Northeastern  
22 Illinois Planning Commission, such employee's service at  
23 the Chicago Area Transportation Study or the Northeastern  
24 Illinois Planning Commission and contributions to the  
25 State Employees' Retirement System of Illinois established  
26 under Article 14 and the Illinois Municipal Retirement Fund

1 shall count towards the satisfaction of such requirements.

2 xxix. United Counties Council (formerly the Urban  
3 Counties Council), but only if the Council has a ruling  
4 from the United States Internal Revenue Service that it is  
5 a governmental entity.

6 xxx. The Will County Governmental League, but only if  
7 the League has a ruling from the United States Internal  
8 Revenue Service that it is a governmental entity.

9 (c) The governing boards of special education joint  
10 agreements created under Section 10-22.31 of the School Code  
11 without designation of an administrative district shall be  
12 included within and be subject to this Article as participating  
13 instrumentalities when the joint agreement becomes effective.  
14 However, the governing board of any such special education  
15 joint agreement in effect before September 5, 1975 shall not be  
16 subject to this Article unless the joint agreement is modified  
17 by the school districts to provide that the governing board is  
18 subject to this Article, except as otherwise provided by this  
19 Section.

20 The governing board of the Special Education District of  
21 Lake County shall become subject to this Article as a  
22 participating instrumentality on July 1, 1997. Notwithstanding  
23 subdivision (a)1 of Section 7-139, on the effective date of  
24 participation, employees of the governing board of the Special  
25 Education District of Lake County shall receive creditable  
26 service for their prior service with that employer, up to a



1 maximum of 5 years, without any employee contribution.  
2 Employees may establish creditable service for the remainder of  
3 their prior service with that employer, if any, by applying in  
4 writing and paying an employee contribution in an amount  
5 determined by the Fund, based on the employee contribution  
6 rates in effect at the time of application for the creditable  
7 service and the employee's salary rate on the effective date of  
8 participation for that employer, plus interest at the effective  
9 rate from the date of the prior service to the date of payment.  
10 Application for this creditable service must be made before  
11 July 1, 1998; the payment may be made at any time while the  
12 employee is still in service. The employer may elect to make  
13 the required contribution on behalf of the employee.

14 The governing board of a special education joint agreement  
15 created under Section 10-22.31 of the School Code for which an  
16 administrative district has been designated, if there are  
17 employees of the cooperative educational entity who are not  
18 employees of the administrative district, may elect to  
19 participate in the Fund and be included within this Article as  
20 a participating instrumentality, subject to such application  
21 procedures and rules as the Board may prescribe.

22 The Boards of Control of cooperative or joint educational  
23 programs or projects created and administered under Section  
24 3-15.14 of the School Code, whether or not the Boards act as  
25 their own administrative district, shall be included within and  
26 be subject to this Article as participating instrumentalities

1 when the agreement establishing the cooperative or joint  
2 educational program or project becomes effective.

3 The governing board of a special education joint agreement  
4 entered into after June 30, 1984 and prior to September 17,  
5 1985 which provides for representation on the governing board  
6 by less than all the participating districts shall be included  
7 within and subject to this Article as a participating  
8 instrumentality. Such participation shall be effective as of  
9 the date the joint agreement becomes effective.

10 The governing boards of educational service centers  
11 established under Section 2-3.62 of the School Code shall be  
12 included within and subject to this Article as participating  
13 instrumentalities. The governing boards of vocational  
14 education cooperative agreements created under the  
15 Intergovernmental Cooperation Act and approved by the State  
16 Board of Education shall be included within and be subject to  
17 this Article as participating instrumentalities. If any such  
18 governing boards or boards of control are unable to pay the  
19 required employer contributions to the fund, then the school  
20 districts served by such boards shall make payment of required  
21 contributions as provided in Section 7-172. The payments shall  
22 be allocated among the several school districts in proportion  
23 to the number of students in average daily attendance for the  
24 last full school year for each district in relation to the  
25 total number of students in average attendance for such period  
26 for all districts served. If such educational service centers,

1 vocational education cooperatives or cooperative or joint  
2 educational programs or projects created and administered  
3 under Section 3-15.14 of the School Code are dissolved, the  
4 assets and obligations shall be distributed among the districts  
5 in the same proportions unless otherwise provided.

6 The governing board of Paris Cooperative High School shall  
7 be included within and be subject to this Article as a  
8 participating instrumentality on the effective date of this  
9 amendatory Act of the 96th General Assembly. If the governing  
10 board of Paris Cooperative High School is unable to pay the  
11 required employer contributions to the fund, then the school  
12 districts served shall make payment of required contributions  
13 as provided in Section 7-172. The payments shall be allocated  
14 among the several school districts in proportion to the number  
15 of students in average daily attendance for the last full  
16 school year for each district in relation to the total number  
17 of students in average attendance for such period for all  
18 districts served. If Paris Cooperative High School is  
19 dissolved, then the assets and obligations shall be distributed  
20 among the districts in the same proportions unless otherwise  
21 provided.

22 Financial Oversight Panels established under Article 1H of  
23 the School Code shall be included within and be subject to this  
24 Article as a participating instrumentality on the effective  
25 date of this amendatory Act of the 97th General Assembly. If  
26 the Financial Oversight Panel is unable to pay the required

1 employer contributions to the fund, then the school districts  
2 served shall make payment of required contributions as provided  
3 in Section 7-172. If the Financial Oversight Panel is  
4 dissolved, then the assets and obligations shall be distributed  
5 to the district served.

6 (d) The governing boards of special recreation joint  
7 agreements created under Section 8-10b of the Park District  
8 Code, operating without designation of an administrative  
9 district or an administrative municipality appointed to  
10 administer the program operating under the authority of such  
11 joint agreement shall be included within and be subject to this  
12 Article as participating instrumentalities when the joint  
13 agreement becomes effective. However, the governing board of  
14 any such special recreation joint agreement in effect before  
15 January 1, 1980 shall not be subject to this Article unless the  
16 joint agreement is modified, by the districts and  
17 municipalities which are parties to the agreement, to provide  
18 that the governing board is subject to this Article.

19 If the Board returns any employer and employee  
20 contributions to any employer which erroneously submitted such  
21 contributions on behalf of a special recreation joint  
22 agreement, the Board shall include interest computed from the  
23 end of each year to the date of payment, not compounded, at the  
24 rate of 7% per annum.

25 (e) Each multi-township assessment district, the board of  
26 trustees of which has adopted this Article by ordinance prior

1 to April 1, 1982, shall be a participating instrumentality  
2 included within and subject to this Article effective December  
3 1, 1981. The contributions required under Section 7-172 shall  
4 be included in the budget prepared under and allocated in  
5 accordance with Section 2-30 of the Property Tax Code.

6 (f) The Illinois Medical District Commission created under  
7 the Illinois Medical District Act may be included within and  
8 subject to this Article as a participating instrumentality,  
9 notwithstanding that the location of the District is entirely  
10 within the City of Chicago. To become a participating  
11 instrumentality, the Commission must apply to the Board in the  
12 manner set forth in paragraph (a) of this subsection (B). If  
13 the Board approves the application, under the criteria and  
14 procedures set forth in paragraph (a) and any other applicable  
15 rules, criteria, and procedures of the Board, participation by  
16 the Commission shall commence on the effective date specified  
17 by the Board.

18 (C) Prospective participants.

19 Beginning January 1, 1992, each prospective participating  
20 municipality or participating instrumentality shall pay to the  
21 Fund the cost, as determined by the Board, of a study prepared  
22 by the Fund or its actuary, detailing the prospective costs of  
23 participation in the Fund to be expected by the municipality or  
24 instrumentality.

25 (Source: P.A. 95-677, eff. 10-11-07; 96-211, eff. 8-10-09;

1 96-551, eff. 8-17-09; 96-1000, eff. 7-2-10; 96-1046, eff.  
2 7-14-10.)

3 Section 15. The School Code is amended by changing Sections  
4 1A-8, 1B-8, 8-6, 10-16.9, 10-16.11, 17-1, 17-11, 19-8, and 19-9  
5 and by adding Sections 1B-25, 1E-165, and 1F-165 and Article 1H  
6 as follows:

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

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

14 (a) The State Superintendent of Education may require a  
15 school district, including any district subject to Article 34A  
16 of this Code, to share financial information relevant to a  
17 proper investigation of the district's financial condition and  
18 the delivery of appropriate State financial, technical, and  
19 consulting services to the district if the district (i) has  
20 been designated, through the State Board of Education's School  
21 District Financial Profile System, as on financial warning or  
22 financial watch status, (ii) has failed to file an annual  
23 financial report, annual budget, deficit reduction plan, or  
24 other financial information as required by law, (iii) has been

1 identified, through the district's annual audit or other  
2 financial and management information, as in serious financial  
3 difficulty in the current or next school year, or (iv) is  
4 determined to be likely to fail to fully meet any regularly  
5 scheduled, payroll-period obligations when due or any debt  
6 service payments when due or both. In addition to financial,  
7 technical, and consulting services provided by the State Board  
8 of Education, at the request of a school district, the State  
9 Superintendent may provide for an independent financial  
10 consultant to assist the district review its financial  
11 condition and options.

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

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

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

1           general State Aid certificates or tax anticipation  
2           warrants and revenue anticipation notes.

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

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

12          (5) The district is likely to fail to fully meet any  
13          regularly scheduled, payroll-period obligations when due  
14          or any debt service payments when due or both.

15          No school district shall be certified by the State Board of  
16          Education to be in financial difficulty solely by reason of any  
17          of the above circumstances arising as a result of (i) the  
18          failure of the county to make any distribution of property tax  
19          money due the district at the time such distribution is due or  
20          (ii) the failure of this State to make timely payments of  
21          general State aid or any of the mandated categoricals; or if  
22          the district clearly demonstrates to the satisfaction of the  
23          State Board of Education at the time of its determination that  
24          such condition no longer exists. If the State Board of  
25          Education certifies that a district in a city with 500,000  
26          inhabitants or more is in financial difficulty, the State Board



1 shall so notify the Governor and the Mayor of the city in which  
2 the district is located. The State Board of Education may  
3 require school districts certified in financial difficulty,  
4 except those districts subject to Article 34A, to develop,  
5 adopt and submit a financial plan within 45 days after  
6 certification of financial difficulty. The financial plan  
7 shall be developed according to guidelines presented to the  
8 district by the State Board of Education within 14 days of  
9 certification. Such guidelines shall address the specific  
10 nature of each district's financial difficulties. Any proposed  
11 budget of the district shall be consistent with the financial  
12 plan submitted to and approved by the State Board of Education.

13 A district certified to be in financial difficulty, other  
14 than a district subject to Article 34A, shall report to the  
15 State Board of Education at such times and in such manner as  
16 the State Board may direct, concerning the district's  
17 compliance with each financial plan. The State Board may review  
18 the district's operations, obtain budgetary data and financial  
19 statements, require the district to produce reports, and have  
20 access to any other information in the possession of the  
21 district that it deems relevant. The State Board may issue  
22 recommendations or directives within its powers to the district  
23 to assist in compliance with the financial plan. The district  
24 shall produce such budgetary data, financial statements,  
25 reports and other information and comply with such directives.  
26 If the State Board of Education determines that a district has

1 failed to comply with its financial plan, the State Board of  
2 Education may rescind approval of the plan and appoint a  
3 Financial Oversight Panel for the district as provided in  
4 Section 1B-4. This action shall be taken only after the  
5 district has been given notice and an opportunity to appear  
6 before the State Board of Education to discuss its failure to  
7 comply with its financial plan.

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

15 Any financial profile compiled and distributed by the State  
16 Board of Education in Fiscal Year 2009 or any fiscal year  
17 thereafter shall incorporate such adjustments as may be needed  
18 in the profile scores to reflect the financial effects of the  
19 inability or refusal of the State of Illinois to make timely  
20 disbursements of any general State aid or mandated categorical  
21 aid payments due school districts or to fully reimburse school  
22 districts for mandated categorical programs pursuant to  
23 reimbursement formulas provided in this School Code.

24 (Source: P.A. 96-668, eff. 8-25-09; 96-1423, eff. 8-3-10.)

25 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

1           Sec. 1B-8. There is created in the State Treasury a special  
2 fund to be known as the School District Emergency Financial  
3 Assistance Fund (the "Fund"). The School District Emergency  
4 Financial Assistance Fund shall consist of appropriations,  
5 loan repayments, grants from the federal government, and  
6 donations from any public or private source. Moneys in the Fund  
7 may be appropriated only to the Illinois Finance Authority and  
8 the State Board for those purposes authorized under this  
9 Article and Articles Article 1F and 1H of this Code. The  
10 appropriation may be allocated and expended by the State Board  
11 for contractual services as grants to provide technical  
12 assistance or consultation and consulting services to school  
13 districts to assess their financial condition and to Financial  
14 Oversight Panels that petition for emergency financial  
15 assistance grants. The and by the Illinois Finance Authority  
16 may provide as loans to school districts which are the subject  
17 of an approved petition for emergency financial assistance  
18 under Section 1B-4, ~~or~~ 1F-62, or 1H-65 of this Code. Neither  
19 the State Board of Education nor the Illinois Finance Authority  
20 may collect any fees for providing these services.

21           From the amount allocated to each such school district  
22 under this Article the State Board shall identify a sum  
23 sufficient to cover all approved costs of the Financial  
24 Oversight Panel established for the respective school  
25 district. If the State Board and State Superintendent of  
26 Education have not approved emergency financial assistance in

1 conjunction with the appointment of a Financial Oversight  
2 Panel, the Panel's approved costs shall be paid from deductions  
3 from the district's general State aid.

4 The Financial Oversight Panel may prepare and file with the  
5 State Superintendent a proposal for emergency financial  
6 assistance for the school district and for its operations  
7 budget. No expenditures from the Fund shall be authorized by  
8 the State Superintendent until he or she has approved the  
9 request ~~proposal~~ of the Panel, either as submitted or in such  
10 lesser amount determined by the State Superintendent.

11 The maximum amount of an emergency financial assistance  
12 loan which may be allocated to any school district under this  
13 Article, including moneys necessary for the operations of the  
14 Panel, shall not exceed \$4,000 times the number of pupils  
15 enrolled in the school district during the school year ending  
16 June 30 prior to the date of approval by the State Board of the  
17 petition for emergency financial assistance, as certified to  
18 the local board and the Panel by the State Superintendent. An  
19 emergency financial assistance grant shall not exceed \$1,000  
20 times the number of such pupils. A district may receive both a  
21 loan and a grant.

22 The payment of an emergency State financial assistance  
23 grant or loan shall be subject to appropriation by the General  
24 Assembly. Payment of the emergency State financial assistance  
25 loan is subject to the applicable provisions of the Illinois  
26 Finance Authority Act. Emergency State financial assistance

1 allocated and paid to a school district under this Article may  
2 be applied to any fund or funds from which the local board of  
3 education of that district is authorized to make expenditures  
4 by law.

5 Any emergency financial assistance grant proposed by the  
6 Financial Oversight Panel and approved by the State  
7 Superintendent may be paid in its entirety during the initial  
8 year of the Panel's existence or spread in equal or declining  
9 amounts over a period of years not to exceed the period of the  
10 Panel's existence. An emergency financial assistance loan  
11 proposed by the Financial Oversight Panel and approved by the  
12 Illinois Finance Authority may be paid in its entirety during  
13 the initial year of the Panel's existence or spread in equal or  
14 declining amounts over a period of years not to exceed the  
15 period of the Panel's existence. All loans ~~loan payments~~ made  
16 by the Illinois Finance Authority ~~from the School District~~  
17 ~~Emergency Financial Assistance Fund~~ for a school district shall  
18 be required to be repaid, with simple interest over the term of  
19 the loan at a rate equal to 50% of the one-year Constant  
20 Maturity Treasury (CMT) yield as last published by the Board of  
21 Governors of the Federal Reserve System before the date on  
22 which the district's loan is approved by the Illinois Finance  
23 Authority ~~State Board of Education~~, not later than the date the  
24 Financial Oversight Panel ceases to exist. The Panel shall  
25 establish and the Illinois Finance Authority shall approve the  
26 terms and conditions, including the schedule, of repayments.

1 The schedule shall provide for repayments commencing July 1 of  
2 each year or upon each fiscal year's receipt of moneys from a  
3 tax levy for emergency financial assistance. Repayment shall be  
4 incorporated into the annual budget of the school district and  
5 may be made from any fund or funds of the district in which  
6 there are moneys available. An emergency financial assistance  
7 loan to the Panel or district shall not be considered part of  
8 the calculation of a district's debt for purposes of the  
9 limitation specified in Section 19-1 of this Code. Default on  
10 repayment is subject to the Illinois Grant Funds Recovery Act.  
11 When moneys are repaid as provided herein they shall not be  
12 made available to the local board for further use as emergency  
13 financial assistance under this Article at any time thereafter.  
14 All repayments required to be made by a school district shall  
15 be received by the State Board and deposited in the School  
16 District Emergency Financial Assistance Fund.

17 In establishing the terms and conditions for the repayment  
18 obligation of the school district the Panel shall annually  
19 determine whether a separate local property tax levy is  
20 required. The board of any school district with a tax rate for  
21 educational purposes for the prior year of less than 120% of  
22 the maximum rate for educational purposes authorized by Section  
23 17-2 shall provide for a separate tax levy for emergency  
24 financial assistance repayment purposes. Such tax levy shall  
25 not be subject to referendum approval. The amount of the levy  
26 shall be equal to the amount necessary to meet the annual

1 repayment obligations of the district as established by the  
2 Panel, or 20% of the amount levied for educational purposes for  
3 the prior year, whichever is less. However, no district shall  
4 be required to levy the tax if the district's operating tax  
5 rate as determined under Section 18-8 or 18-8.05 exceeds 200%  
6 of the district's tax rate for educational purposes for the  
7 prior year.

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

9 (105 ILCS 5/1B-25 new)

10 Sec. 1B-25. Establishment prohibited. No school district  
11 may have a Financial Oversight Panel established pursuant to  
12 this Article after Article 1H of this Code is established.

13 (105 ILCS 5/1E-165 new)

14 Sec. 1E-165. Repeal. When the Authority established  
15 pursuant to this Article is abolished pursuant to Section  
16 1E-155, this Article shall be repealed.

17 (105 ILCS 5/1F-165 new)

18 Sec. 1F-165. Repeal. When the Authority established  
19 pursuant to this Article is abolished pursuant to Section  
20 1F-155, this Article shall be repealed.

21 (105 ILCS 5/Art. 1H heading new)

22 ARTICLE 1H. FINANCIAL OVERSIGHT PANELS

1 (105 ILCS 5/1H-1 new)

2 Sec. 1H-1. Short title. This Article may be cited as the  
3 Financial Oversight Panel Law.

4 (105 ILCS 5/1H-5 new)

5 Sec. 1H-5. Findings; purpose; intent.

6 (a) The General Assembly finds all of the following:

7 (1) A fundamental goal of the people of this State, as  
8 expressed in Section 1 of Article X of the Illinois  
9 Constitution, is the educational development of all  
10 persons to the limits of their capacities. When a board of  
11 education faces financial difficulties, continued  
12 operation of the public school system is threatened.

13 (2) A sound financial structure is essential to the  
14 continued operation of any school system. It is vital to  
15 commercial, educational, and cultural interests that  
16 public schools remain in operation. To achieve that goal,  
17 public school systems must have effective access to the  
18 private market to borrow short and long term funds.

19 (3) To promote the financial integrity of districts, as  
20 defined in this Article, it is necessary to provide for the  
21 creation of financial oversight panels with the powers  
22 necessary to promote sound financial management and to  
23 ensure the continued operation of the public schools.

24 (b) It is the purpose of this Article to provide a secure



1 financial basis for the continued operation of public schools.  
2 The intention of the General Assembly, in creating this  
3 Article, is to establish procedures, provide powers, and impose  
4 restrictions to ensure the financial and educational integrity  
5 of public school districts, while leaving principal  
6 responsibility for the educational policies of public schools  
7 to their boards of education, consistent with the requirements  
8 for satisfying the public policy and purpose set forth in this  
9 Article.

10 (105 ILCS 5/1H-10 new)

11 Sec. 1H-10. Definitions. As used in this Article:

12 "Budget" means the annual budget of the district required  
13 under Section 17-1 of this Code, as in effect from time to  
14 time.

15 "Chairperson" means the Chairperson of the Panel.

16 "District" means any school district having a population of  
17 not more than 500,000 that has had a Financial Oversight Panel  
18 established under this Article.

19 "Financial plan" means the financial plan of the district  
20 to be developed pursuant to this Article, as in effect from  
21 time to time.

22 "Fiscal year" means the fiscal year of the district.

23 "Obligations" means notes or other short-term debts or  
24 liabilities of the Panel.

25 "Panel" means a Financial Oversight Panel created under

1 this Article.

2 "State Board" means the State Board of Education.

3 "State Superintendent" means the State Superintendent of  
4 Education.

5 (105 ILCS 5/1H-15 new)

6 Sec. 1H-15. Establishment of Financial Oversight Panels;  
7 duties of district.

8 (a) A school district may petition the State Board for the  
9 establishment of a Financial Oversight Panel for the district  
10 or the State Board may establish a Panel without a petition  
11 from the district. The petition shall cite the reasons why the  
12 creation of a Financial Oversight Panel for the district is  
13 necessary. In determining whether or not to place a district  
14 under a Panel, the State Board shall consider all of the  
15 following:

16 (1) If a Panel is in the best educational and financial  
17 interests of the district.

18 (2) If a Panel is in the best interest of other schools  
19 in the area and the educational welfare of all the pupils  
20 therein.

21 (3) Whether the board of education has complied with  
22 the requirements of Section 1A-8 of this Code.

23 (b) Upon establishment of a Financial Oversight Panel, all  
24 of the following shall occur:

25 (1) There is established a body both corporate and

1 politic to be known as the "(Name of School District)  
2 Financial Oversight Panel", which in this name shall  
3 exercise all authority vested in a Panel by this Article.

4 (2) The powers and duties of a Financial Oversight  
5 Panel established pursuant to this Article shall include  
6 the duties and obligations of financial oversight panels  
7 established under Article 1B of this Code, in addition to  
8 any duties and obligations established under this Article.  
9 However, if there is any conflict between the provisions of  
10 this Article and the provisions of Article 1B of this Code,  
11 the provisions of this Article control.

12 (3) The Financial Oversight Panel, the school board,  
13 and the district superintendent or chief executive officer  
14 shall develop goals and objectives to assist the district  
15 in obtaining financial stability. The goals and objectives  
16 must be developed as part of the financial plan that the  
17 school board is required to develop, adopt, and submit to  
18 the Panel in accordance with Section 1B-12 of this Code.  
19 The goals and objectives must be formally reviewed at  
20 agreed to intervals, but at least one time per year. Review  
21 shall include progress made and recommendations and  
22 modifications needed to achieve abolition of financial  
23 oversight provided for under Section 1H-115 of this Code.

24 (c) Any school district having a Financial Oversight Panel  
25 established under Article 1B of this Code or any Financial  
26 Oversight Panel established under Article 1B may petition the

1 State Board for the establishment of a Financial Oversight  
2 Panel under this Article and concurrent dissolution of the  
3 Article 1B Panel. All records, papers, books, funds, or other  
4 assets or liabilities belonging to the dissolving Financial  
5 Oversight Panel shall be transferred to the newly established  
6 Financial Oversight Panel.

7 (105 ILCS 5/1H-20 new)

8 Sec. 1H-20. Members of Panel; meetings.

9 (a) Upon establishment of a Financial Oversight Panel under  
10 Section 1H-15 of this Code, the State Superintendent shall  
11 within 15 working days thereafter appoint 5 members to serve on  
12 a Financial Oversight Panel for the district. Members appointed  
13 to the Panel shall serve at the pleasure of the State  
14 Superintendent. The State Superintendent shall designate one  
15 of the members of the Panel to serve as its Chairperson. In the  
16 event of vacancy or resignation, the State Superintendent  
17 shall, within 10 days after receiving notice, appoint a  
18 successor to serve out that member's term.

19 (b) Members of the Panel shall be selected primarily on the  
20 basis of their experience and education in financial  
21 management, with consideration given to persons knowledgeable  
22 in education finance. Two members of the Panel shall be  
23 residents of the school district that the Panel serves. A  
24 member of the Panel may not be a member of the district's  
25 school board or an employee of the district nor may a member

1 have a direct financial interest in the district.

2 (c) Panel members may be reimbursed by the State Board for  
3 travel and other necessary expenses incurred in the performance  
4 of their official duties. The amount reimbursed members for  
5 their expenses shall be charged to the school district as part  
6 of any emergency financial assistance and incorporated as a  
7 part of the terms and conditions for repayment of the  
8 assistance or shall be deducted from the district's general  
9 State aid as provided in Section 1H-65 of this Code.

10 (d) With the exception of the chairperson, who shall be  
11 designated as provided in subsection (a) of this Section, the  
12 Panel may elect such officers as it deems appropriate.

13 (e) The first meeting of the Panel shall be held at the  
14 call of the Chairperson. The Panel shall prescribe the times  
15 and places for its meetings and the manner in which regular and  
16 special meetings may be called and shall comply with the Open  
17 Meetings Act. The Panel shall also comply with the Freedom of  
18 Information Act.

19 (f) Three members of the Panel shall constitute a quorum. A  
20 majority of members present is required to pass a measure.

21 (105 ILCS 5/1H-25 new)

22 Sec. 1H-25. General powers.

23 (a) The purposes of the Panel shall be to exercise  
24 financial control over the district and to furnish financial  
25 assistance so that the district can provide public education

1 within the district's jurisdiction while permitting the  
2 district to meet its obligations to its creditors and the  
3 holders of its debt. Except as expressly limited by this  
4 Article, the Panel shall have all powers granted to a voluntary  
5 or involuntary Financial Oversight Panel and to a Financial  
6 Administrator under Article 1B of this Code and all other  
7 powers necessary to meet its responsibilities and to carry out  
8 its purposes and the purposes of this Article, including  
9 without limitation all of the following powers, provided that  
10 the Panel shall have no power to terminate an employee without  
11 following the statutory procedures for such terminations set  
12 forth in this Code:

13 (1) To sue and to be sued.

14 (2) To determine at a regular or special meeting that  
15 the district has insufficient or inadequate funds or other  
16 financial resources with respect to any contract (other  
17 than collective bargaining agreements), leases, subleases,  
18 and other instruments or agreements applicable to or  
19 binding upon the school board, and to make, cancel, modify,  
20 or execute contracts (other than collective bargaining  
21 agreements), leases, subleases, and all other instruments  
22 or agreements necessary, convenient, or otherwise  
23 beneficial to the district and consistent with the powers  
24 and functions granted by this Article or other applicable  
25 law.

26 (3) To lease or purchase real or personal property

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

6 (4) To employ officers, agents, and employees of the  
7 Panel, to define their duties and qualifications, and to  
8 fix their compensation and benefits.

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

11 (6) To borrow money, including without limitation  
12 accepting State loans, and to issue obligations pursuant to  
13 this Article; to fund, refund, or advance refund the same;  
14 to provide for the rights of the holders of its  
15 obligations; and to repay any advances.

16 (7) To levy all property tax levies that otherwise  
17 could be levied by the district if the district fails to  
18 certify and return the certificate of tax levy to the  
19 county clerk on or before the first Tuesday in November,  
20 and to make levies pursuant to Section 1H-65 of this Code.

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

24 (9) To procure all necessary goods and services for the  
25 Panel in compliance with the purchasing laws and  
26 requirements applicable to the district.

1           (10) To do any and all things necessary or convenient  
2           to carry out its purposes and exercise the powers given to  
3           it by this Article.

4           (11) To recommend any type of reorganization of the  
5           district, in whole or in part, pursuant to Article 7 or 11E  
6           of this Code or Section 10-22.22b or 10-22.22c of this Code  
7           to the General Assembly if in the Panel's judgment the  
8           circumstances so require.

9           (b) Notwithstanding the provisions of subsection (a) of  
10          this Section, the Panel shall have no power to do any of the  
11          following:

12           (1) Unilaterally cancel or modify any collective  
13           bargaining agreement in force upon the date of creation of  
14           the Panel.

15           (2) Lease, sublease, buy, build, or otherwise acquire  
16           any additional school buildings or grounds for or on behalf  
17           of the district without prior approval by referendum held  
18           pursuant to Section 19-2 or 19-3 of this Code.

19           (3) Authorize payments for or incur any debt for any  
20           additional school buildings or grounds as specified in  
21           subdivision (2) of this subsection (b) without prior  
22           approval via referendum pursuant to the provisions of  
23           Sections 19-2 through 19-7 of this Code, the provisions of  
24           Section 10-22.36 of this Code to the contrary  
25           notwithstanding.



1 (105 ILCS 5/1H-30 new)

2 Sec. 1H-30. Employees. The Panel may employ individuals  
3 under this Section if it is so warranted. These individuals may  
4 include any of the following:

5 (1) A chief executive officer who shall supervise the  
6 Panel's staff, including the chief educational officer and  
7 the chief fiscal officer, and shall have ultimate  
8 responsibility for implementing the policies, procedures,  
9 directives, and decisions of the Panel. The chief executive  
10 officer shall have the authority to determine the agenda  
11 and order of business at school board meetings, as needed  
12 in order to carry forward and implement the objectives and  
13 priorities of the school board and Financial Oversight  
14 Panel in the administration and management of the district.  
15 This individual is not required to hold any certificate  
16 issued under Article 21 of this Code. The chief executive  
17 officer shall have the powers and duties as assigned by the  
18 Panel in accordance with this Code.

19 (2) A chief educational officer, who may be employed by  
20 the Panel if there is no superintendent in the district or  
21 if the Panel, at a regular or special meeting, finds that  
22 cause exists to cancel the contract of the district's  
23 superintendent who is serving at the time the Panel is  
24 established. Cancellation of an existing superintendent  
25 contract may be done only pursuant to the same requirements  
26 and in the same manner as the school board may cancel the

1 contract. A chief educational officer employed under this  
2 subdivision (2) shall have the powers and duties of a  
3 school district superintendent under this Code and such  
4 other duties as may be assigned by the Panel in accordance  
5 with this Code.

6 (3) A chief fiscal officer, who may be employed by the  
7 Panel. This individual shall be under the direction of the  
8 Panel or the chief executive officer employed by the Panel  
9 and shall have all of the powers and duties of the  
10 district's chief school business official and any other  
11 duties regarding budgeting, accounting, and other  
12 financial matters that are assigned by the Panel, in  
13 accordance with this Code.

14 (4) A superintendent, who shall be under the direction  
15 of the Panel or the chief executive officer employed by the  
16 Panel and shall have all of the powers and duties of a  
17 school district superintendent under this Code assigned by  
18 the Panel and such other duties as may be assigned by the  
19 Panel in accordance with this Code.

20 (5) A chief school business official, who shall have  
21 all of the powers and duties of a chief school business  
22 official under this Code assigned by the Panel and such  
23 other duties as may be assigned by the Panel in accordance  
24 with this Code.

25 An individual employed by the Panel as a superintendent or  
26 a chief school business official under this Section must hold

1 the appropriate certification for these positions. Individuals  
2 employed by the Panel as a chief executive officer, chief  
3 educational officer, or chief fiscal officer under this Section  
4 are not required to hold certification. A chief educational  
5 officer under this Section must not be employed by the Panel  
6 during a period a superintendent is employed by the district  
7 and a chief fiscal officer under this Section must not be  
8 employed by the Panel during a period a chief school business  
9 official is employed by the district.

10 Individuals employed under subdivision (2), (3), (4), or  
11 (5) of this Section shall report to the Panel or to the chief  
12 executive officer under this Section if there is one.

13 (105 ILCS 5/1H-35 new)

14 Sec. 1H-35. School treasurer.

15 (a) In Class I county school units and in each district  
16 that forms part of a Class II county school unit but that has  
17 withdrawn from the jurisdiction and authority of the trustees  
18 of schools of the township in which the district is located and  
19 from the jurisdiction and authority of the township treasurer  
20 in the Class II county school unit, the Panel may, in its  
21 discretion, remove the treasurer appointed or elected by the  
22 school board of the district and appoint a new treasurer to  
23 succeed the removed treasurer as provided in Section 8-19 of  
24 this Code.

25 (b) In the case of a district located in a Class II county

1 school unit where such district is subject to the jurisdiction  
2 and authority of township trustees and the jurisdiction and  
3 authority of the township treasurer, the Panel may require  
4 production of bank reconciliations and other reports or  
5 statements as required under Sections 8-6 and 8-13 through 8-15  
6 of this Code.

7 (c) All school treasurers appointed or elected pursuant to  
8 this Section shall be subject to the provisions of Sections 8-2  
9 through 8-20 and other applicable provisions of the School  
10 Code.

11 (105 ILCS 5/1H-45 new)

12 Sec. 1H-45. Collective bargaining agreements. In  
13 conjunction with the district, the Panel shall have the power  
14 to negotiate collective bargaining agreements with the  
15 district's employees. Upon union ratification, the district  
16 and the Panel shall execute the agreements negotiated by the  
17 Panel, and the district shall be bound by and shall administer  
18 the agreements in all respects as if the agreements had been  
19 negotiated by the district itself.

20 (105 ILCS 5/1H-50 new)

21 Sec. 1H-50. Deposits and investments.

22 (a) The Panel shall have the power to establish checking  
23 and whatever other banking accounts it may deem appropriate for  
24 conducting its affairs.

1       (b) Subject to the provisions of any contract with or for  
2 the benefit of the holders of its obligations, the Panel may  
3 invest any funds not required for immediate use or  
4 disbursement, as provided in the Public Funds Investment Act.

5           (105 ILCS 5/1H-55 new)

6       Sec. 1H-55. Cash accounts and bank accounts.

7       (a) The Panel shall require the district or any officer of  
8 the district, including the district's treasurer, to establish  
9 and maintain separate cash accounts and separate bank accounts  
10 in accordance with such rules, standards, and procedures as the  
11 Panel may prescribe.

12       (b) The Panel shall have the power to assume exclusive  
13 administration of the cash accounts and bank accounts of the  
14 district, to establish and maintain whatever new cash accounts  
15 and bank accounts it may deem appropriate, and to withdraw  
16 funds from these accounts for the lawful expenditures of the  
17 district.

18           (105 ILCS 5/1H-60 new)

19       Sec. 1H-60. Financial, management, and budgetary  
20 structure. Upon direction of the Panel, the district shall  
21 reorganize the financial accounts, management, and budgetary  
22 systems of the district in a manner consistent with rules  
23 adopted by the State Board regarding accounting, budgeting,  
24 financial reporting, and auditing as the Panel deems

1 appropriate to remedy the conditions that led the Panel to be  
2 created and to achieve greater financial responsibility and to  
3 reduce financial inefficiency.

4 (105 ILCS 5/1H-65 new)

5 Sec. 1H-65. School district emergency financial  
6 assistance; grants and loans. The Panel may prepare and file  
7 with the State Superintendent a proposal for emergency  
8 financial assistance for the school district and for the  
9 operations budget of the Panel, in accordance with Section 1B-8  
10 of this Code. A school district may receive both a loan and a  
11 grant.

12 (105 ILCS 5/1H-70 new)

13 Sec. 1H-70. Tax anticipation warrants, tax anticipation  
14 notes, revenue anticipation certificates or notes, general  
15 State aid anticipation certificates, and lines of credit. With  
16 the approval of the State Superintendent and provided that the  
17 district is unable to secure short-term financing after 3  
18 attempts, a Panel shall have the same power as a district to do  
19 the following:

20 (1) issue tax anticipation warrants under the  
21 provisions of Section 17-16 of this Code against taxes  
22 levied by either the school board or the Panel pursuant to  
23 Section 1H-25 of this Code;

24 (2) issue tax anticipation notes under the provisions

1 of the Tax Anticipation Note Act against taxes levied by  
2 either the school board or the Panel pursuant to Section  
3 1H-25 of this Code;

4 (3) issue revenue anticipation certificates or notes  
5 under the provisions of the Revenue Anticipation Act;

6 (4) issue general State aid anticipation certificates  
7 under the provisions of Section 18-18 of this Code; and

8 (5) establish and utilize lines of credit under the  
9 provisions of Section 17-17 of this Code.

10 Tax anticipation warrants, tax anticipation notes, revenue  
11 anticipation certificates or notes, general State aid  
12 anticipation certificates, and lines of credit are considered  
13 borrowing from sources other than the State and are subject to  
14 Section 1H-65 of this Code.

15 (105 ILCS 5/1H-75 new)

16 Sec. 1H-75. Tax for emergency Financial Oversight Panel  
17 financial aid. If the Panel is unable to secure short-term  
18 borrowing pursuant to Section 1H-70 of this Code, the Panel:

19 (1) based upon an original or amended budget filed by a  
20 Financial Oversight Panel and approved by the State Board  
21 of Education, may levy a one-time-only tax, in an amount  
22 not to exceed 75% of the amount expended by the school  
23 district subject to the oversight of the Panel in the  
24 immediately preceding year for educational, operations and  
25 maintenance, transportation, and municipal retirement

1 purposes; as reflected in the most recently filed annual  
2 financial report, and as adjusted by the CPI most recently  
3 under the Property Tax Extension Limitation Law;

4 (2) following approval by the State Board of Education,  
5 shall file a certificate of tax levy with the county clerk  
6 or clerks with whom the school district must file tax  
7 levies, such taxes to be extended against all the property  
8 of the school district upon the value of the taxable  
9 property within its territory, as equalized or assessed by  
10 the Department of Revenue; and

11 (3) may issue warrants, or may provide a fund to meet  
12 the expenses by issuing and disposing of warrants, drawn  
13 against and in anticipation of the tax levied pursuant to  
14 this Section, for the payment of the necessary expenses of  
15 the district, either for transportation, educational, or  
16 all operations and maintenance purposes or for payments to  
17 the Illinois Municipal Retirement Fund, as the case may be,  
18 to the extent of 75% of the total amount of the tax so  
19 levied. The warrants shall show upon their face that they  
20 are payable in the numerical order of their issuance solely  
21 from such taxes when collected, and shall be received by  
22 any collector of taxes in payment of the taxes against  
23 which they are issued, and such taxes shall be set apart  
24 and held for their payment; every warrant shall bear  
25 interest, payable only out of the taxes against which it is  
26 drawn, at a rate not exceeding the maximum rate authorized



1 by the Bond Authorization Act, as amended at the time of  
2 the making of the contract, if issued before July 1, 1971  
3 and if issued thereafter at the rate of not to exceed the  
4 maximum rate authorized by the Bond Authorization Act, as  
5 amended at the time of the making of the contract, from the  
6 date of its issuance until paid or until notice shall be  
7 given by publication in a newspaper or otherwise that the  
8 money for its payment is available and that it will be paid  
9 on presentation, unless a lower rate of interest is  
10 specified therein, in which case the interest shall be  
11 computed and paid at the lower rate.

12 (105 ILCS 5/1H-85 new)

13 Sec. 1H-85. Obligations as legal investments. The  
14 obligations issued under the provisions of this Article are  
15 hereby made securities in which all public officers and bodies  
16 of this State, all political subdivisions of this State, all  
17 persons carrying on an insurance business, all banks, bankers,  
18 trust companies, savings banks, and savings associations  
19 (including savings and loan associations, building and loan  
20 associations, investment companies, and other persons carrying  
21 on a banking business), and all credit unions, pension funds,  
22 administrators, and guardians who are or may be authorized to  
23 invest in bonds or in other obligations of the State may  
24 properly and legally invest funds, including capital, in their  
25 control or belonging to them. The obligations are also hereby

1 made securities that may be deposited with and may be received  
2 by all public officers and bodies of the State, all political  
3 subdivisions of the State, and public corporations for any  
4 purpose for which the deposit of bonds or other obligations of  
5 the State is authorized.

6 (105 ILCS 5/1H-90 new)

7 Sec. 1H-90. Reports. The Panel, upon taking office and  
8 annually thereafter, shall prepare and submit to the State  
9 Superintendent a report that includes the audited financial  
10 statement for the preceding fiscal year prepared and audited in  
11 compliance with the provisions of Sections 3-7 and 3-15.1 of  
12 this Code, an approved financial plan, and a statement of the  
13 major steps necessary to accomplish the objectives of the  
14 financial plan. This report must be submitted annually by March  
15 1 of each year and must detail information from the previous  
16 school year. The school board must be allowed to comment on the  
17 annual report of the Panel, and the comments of the school  
18 board shall be included as an appendix to such annual report of  
19 the Panel.

20 (105 ILCS 5/1H-95 new)

21 Sec. 1H-95. Audit of Panel. The State Superintendent may  
22 require a separate audit of the Panel, otherwise the activities  
23 of the Panel must be included in the scope of the audit of the  
24 school district. A copy of the audit report covering the Panel

1 must be submitted to the State Superintendent.

2 (105 ILCS 5/1H-100 new)

3 Sec. 1H-100. Assistance by State agencies, units of local  
4 government, and school districts. The district shall render  
5 such services to and permit the use of its facilities and  
6 resources by the Panel at no charge as may be requested by the  
7 Panel. Any State agency, unit of local government, or school  
8 district may, within its lawful powers and duties, render such  
9 services to the Panel as may be requested by the Panel. Upon  
10 request of the Panel, any State agency, unit of local  
11 government, or school district is authorized and empowered to  
12 loan to the Panel such officers and employees as the Panel may  
13 deem necessary in carrying out its functions and duties.  
14 Officers and employees so transferred shall not lose or forfeit  
15 their employment status or rights.

16 (105 ILCS 5/1H-105 new)

17 Sec. 1H-105. Property of Panel exempt from taxation. The  
18 property of the Panel is exempt from taxation.

19 (105 ILCS 5/1H-110 new)

20 Sec. 1H-110. Sanctions.

21 (a) No member, officer, employee, or agent of the district  
22 may commit the district to any contract or other obligation or  
23 incur any liability on behalf of the district for any purpose

1 if the amount of the contract, obligation, or liability is in  
2 excess of the amount authorized for that purpose then available  
3 under the financial plan and budget then in effect.

4 (b) No member, officer, employee, or agent of the district  
5 may commit the district to any contract or other obligation on  
6 behalf of the district for the payment of money for any purpose  
7 required to be approved by the Panel unless the contract or  
8 other obligation has been approved by the Panel.

9 (c) No member, officer, employee, or agent of the district  
10 may take any action in violation of any valid order of the  
11 Panel, may fail or refuse to take any action required by any  
12 such order, may prepare, present, certify, or report any  
13 information, including any projections or estimates, for the  
14 Panel or any of its agents that is false or misleading, or,  
15 upon learning that any such information is false or misleading,  
16 may fail promptly to advise the Panel or its agents.

17 (d) In addition to any penalty or liability under any other  
18 law, any member, officer, employee, or agent of the district  
19 who violates subsection (a), (b), or (c) of this Section is  
20 subject to appropriate administrative discipline as may be  
21 imposed by the Panel, including, if warranted, suspension from  
22 duty without pay, removal from office, or termination of  
23 employment.

24 (105 ILCS 5/1H-115 new)

25 Sec. 1H-115. Abolition of Panel.

1       (a) Except as provided in subsections (b), (c), and (d) of  
2 this Section, the Panel shall be abolished 10 years after its  
3 creation.

4       (b) The State Board, upon recommendation of the Panel or  
5 petition of the school board, may abolish the Panel at any time  
6 after the Panel has been in existence for 3 years if no  
7 obligations of the Panel are outstanding or remain undefeased  
8 and upon investigation and finding that:

9           (1) none of the factors specified in Section 1A-8 of  
10 this Code remain applicable to the district; and

11           (2) substantial achievement of the goals and  
12 objectives established pursuant to the financial plan and  
13 required under Section 1H-15 of this Code.

14       (c) The Panel of a district that otherwise meets all of the  
15 requirements for abolition of a Panel under subsection (b) of  
16 this Section except for the fact that there are outstanding  
17 financial obligations of the Panel may petition the State Board  
18 for reinstatement of all of the school boards powers and duties  
19 assumed by the Panel; and if approved by the State Board, then:

20           (1) the Panel shall continue in operation, but its  
21 powers and duties shall be limited to those necessary to  
22 manage and administer its outstanding obligations;

23           (2) the school board shall once again begin exercising  
24 all of the powers and duties otherwise allowed by statute;  
25 and

26           (3) the Panel shall be abolished as provided in

1 subsection (a) of this Section.

2 (d) If the Panel of a district that otherwise meets all of  
3 the requirements for abolition of a Panel under subsection (b)  
4 of this Section, except for outstanding obligations of the  
5 Panel, then the district may petition the State Board for  
6 abolition of the Panel if the district:

7 (1) establishes an irrevocable trust fund, the purpose  
8 of which is to provide moneys to defease the outstanding  
9 obligations of the Panel; and

10 (2) issues funding bonds pursuant to the provisions of  
11 Section 19-8 and 19-9 of this Code.

12 A district with a Panel that falls under these provisions  
13 shall be abolished as provided in subsection (a) of this  
14 Section.

15 (105 ILCS 5/1H-120 new)

16 Sec. 1H-120. Indemnification; legal representation;  
17 limitations of actions after abolition.

18 (a) The Panel may indemnify any member, officer, employee,  
19 or agent who was or is a party or is threatened to be made a  
20 party to any threatened, pending, or completed action, suit, or  
21 proceeding, whether civil, criminal, administrative, or  
22 investigative, by reason of the fact that he or she was a  
23 member, officer, employee, or agent of the Panel, against  
24 expenses (including attorney's fees, judgments, fines, and  
25 amounts paid in settlement actually and reasonably incurred by

1 him or her in connection with the action, suit, or proceeding)  
2 if he or she acted in good faith and in a manner that he or she  
3 reasonably believed to be in or not opposed to the best  
4 interests of the Panel and, with respect to any criminal action  
5 or proceeding, had no reasonable cause to believe his or her  
6 conduct was unlawful. The termination of any action, suit, or  
7 proceeding by judgment, order, settlement, or conviction or  
8 upon a plea of nolo contendere or its equivalent, shall not, of  
9 itself, create a presumption that the person did not act in  
10 good faith in a manner that he or she reasonably believed to be  
11 in or not opposed to the best interests of the Panel and, with  
12 respect to any criminal action or proceeding, had reasonable  
13 cause to believe that his or her conduct was unlawful.

14 To the extent that a member, officer, employee, or agent of  
15 the Panel has been successful, on the merits or otherwise, in  
16 the defense of any such action, suit, or proceeding referred to  
17 in this subsection (b) or in defense of any claim, issue, or  
18 matter therein, he or she shall be indemnified against  
19 expenses, including attorney's fees, actually and reasonably  
20 incurred by him or her in connection therewith. Any such  
21 indemnification shall be made by the Panel only as authorized  
22 in the specific case, upon a determination that indemnification  
23 of the member, officer, employee, or agent is proper in the  
24 circumstances because he or she has met the applicable standard  
25 of conduct. The determination shall be made (i) by the Panel by  
26 a majority vote of a quorum consisting of members who are not

1 parties to the action, suit, or proceeding or (ii) if such a  
2 quorum is not obtainable or, even if obtainable, a quorum of  
3 disinterested members so directs, by independent legal counsel  
4 in a written opinion.

5 Reasonable expenses incurred in defending an action, suit,  
6 or proceeding shall be paid by the Panel in advance of the  
7 final disposition of the action, suit, or proceeding, as  
8 authorized by the Panel in the specific case, upon receipt of  
9 an undertaking by or on behalf of the member, officer,  
10 employee, or agent to repay the amount, unless it is ultimately  
11 determined that he or she is entitled to be indemnified by the  
12 Panel as authorized in this Section.

13 Any member, officer, employee, or agent against whom any  
14 action, suit, or proceeding is brought may employ his or her  
15 own attorney to appear on his or her behalf.

16 The right to indemnification accorded by this Section shall  
17 not limit any other right to indemnification to which the  
18 member, officer, employee, or agent may be entitled. Any rights  
19 under this Section shall inure to the benefit of the heirs,  
20 executors, and administrators of any member, officer,  
21 employee, or agent of the Panel.

22 The Panel may purchase and maintain insurance on behalf of  
23 any person who is or was a member, officer, employee, or agent  
24 of the Panel against any liability asserted against him or her  
25 and incurred by him or her in any such capacity or arising out  
26 of his or her status as such, whether or not the Panel could



1 have the power to indemnify him or her against liability under  
2 the provisions of this Section.

3 (b) The Panel shall be considered a State agency for  
4 purposes of receiving representation by the Attorney General.  
5 Members, officers, employees, and agents of the Panel shall be  
6 entitled to representation and indemnification under the State  
7 Employee Indemnification Act.

8 (c) Abolition of the Panel pursuant to Section 1H-115 of  
9 this Code shall bar any remedy available against the Panel, its  
10 members, employees, or agents for any right or claim existing  
11 or any liability incurred prior to the abolition, unless the  
12 action or other proceeding is commenced prior to the expiration  
13 of 2 years after the date of the abolition.

14 (105 ILCS 5/8-6) (from Ch. 122, par. 8-6)

15 Sec. 8-6. Custody of school funds.

16 The school treasurer shall have custody of the school funds  
17 and shall keep in a cash book separate cash balances. In the  
18 cash book he shall enter in separate accounts the balance,  
19 total of all moneys received in each fund, and the total of the  
20 orders countersigned or checks signed with respect to each fund  
21 and extend the balances and the aggregate cash balance for all  
22 funds balance at least monthly. The treasurer ~~and~~ shall  
23 reconcile such balances ~~balance~~ with the accounting or  
24 bookkeeping department of the district in conformity with a  
25 template provided by the State Board of Education monthly.

1 School districts on the financial watch or warning list that  
2 are required to submit deficit reduction plans in accordance  
3 with Section 17-1 of this Code or that are certified in  
4 financial difficulty in accordance with Section 1-A8 of this  
5 Code must transmit the cash balances as required pursuant to  
6 this Section 8-6 of this Code to the State Board of Education  
7 quarterly from the treasurer.

8 (Source: Laws 1961, p. 31.)

9 (105 ILCS 5/10-16.9 new)

10 Sec. 10-16.9. Bank reconciliation reports. School  
11 districts on the financial watch or warning list that are  
12 required to submit deficit reduction plans pursuant to Section  
13 17-1 of this Code or that are certified in financial difficulty  
14 must transmit the bank reconciliation reports from the school  
15 treasurer as required pursuant to Section 8-6 of this Code to  
16 the State Board of Education quarterly. The State Board of  
17 Education shall establish the dates by which the reconciliation  
18 reports must be submitted and provide a template for those  
19 districts to utilize.

20 (105 ILCS 5/10-16.11 new)

21 Sec. 10-16.11. Payment of outstanding obligations of a  
22 Financial Oversight Panel. The school board of a district  
23 subject to a Financial Oversight Panel pursuant to Article 1H  
24 of this Code that, except for the existence of outstanding

1 financial obligations of the Financial Oversight Panel, would  
2 be able to seek abolition of the Panel pursuant to Section  
3 1H-115 of this Code may: (1) spend surplus district funds in an  
4 amount sufficient to liquidate the outstanding obligations of  
5 the Financial Oversight Panel or (2) issue funding bonds for  
6 such purpose as authorized by Sections 19-8 and 19-9 of this  
7 Code.

8 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

9 Sec. 17-1. Annual Budget. The board of education of each  
10 school district under 500,000 inhabitants shall, within or  
11 before the first quarter of each fiscal year, adopt and file  
12 with the State Board of Education an annual balanced budget  
13 which it deems necessary to defray all necessary expenses and  
14 liabilities of the district, and in such annual budget shall  
15 specify the objects and purposes of each item and amount needed  
16 for each object or purpose.

17 The budget shall be entered upon a School District Budget  
18 form prepared and provided by the State Board of Education and  
19 therein shall contain a statement of the cash on hand at the  
20 beginning of the fiscal year, an estimate of the cash expected  
21 to be received during such fiscal year from all sources, an  
22 estimate of the expenditures contemplated for such fiscal year,  
23 and a statement of the estimated cash expected to be on hand at  
24 the end of such year. The estimate of taxes to be received may  
25 be based upon the amount of actual cash receipts that may

1 reasonably be expected by the district during such fiscal year,  
2 estimated from the experience of the district in prior years  
3 and with due regard for other circumstances that may  
4 substantially affect such receipts. Nothing in this Section  
5 shall be construed as requiring any district to change or  
6 preventing any district from changing from a cash basis of  
7 financing to a surplus or deficit basis of financing; or as  
8 requiring any district to change or preventing any district  
9 from changing its system of accounting.

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

17 If, as the result of an audit performed in compliance with  
18 Section 3-7 of this Code, the resulting Annual Financial Report  
19 required to be submitted pursuant to Section 3-15.1 of this  
20 Code reflects a deficit as defined for purposes of the  
21 preceding paragraph, then the district shall, within 30 days  
22 after acceptance of such audit report, submit a deficit  
23 reduction plan.

24 The board of education of each district shall fix a fiscal  
25 year therefor. If the beginning of the fiscal year of a  
26 district is subsequent to the time that the tax levy due to be

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

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

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

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

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

22 By fiscal year 1982 all school districts shall use the  
23 Program Budget Accounting System.

24 In the case of a school district receiving emergency State  
25 financial assistance under Article 1B, the school board shall  
26 also be subject to the requirements established under Article

1 1B with respect to the annual budget.

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

3 (105 ILCS 5/17-11) (from Ch. 122, par. 17-11)

4 Sec. 17-11. Certificate of tax levy.

5 (a) The school board of each district, other than a school  
6 district subject to the authority of a Financial Oversight  
7 Panel pursuant to Article 1H of this Code, shall ascertain, as  
8 near as practicable, annually, how much money must be raised by  
9 special tax for transportation purposes if any and for  
10 educational and for operations and maintenance purposes for the  
11 next ensuing year. In school districts with a population of  
12 less than 500,000, these amounts shall be certified and  
13 returned to each county clerk on or before the last Tuesday in  
14 December, annually. The certificate shall be signed by the  
15 president and clerk or secretary, and may be in the following  
16 form:

17 CERTIFICATE OF TAX LEVY

18 We hereby certify that we require the sum of .....  
19 dollars, to be levied as a special tax for transportation  
20 purposes and the sum of ..... dollars to be levied as a  
21 special tax for educational purposes, and the sum .....  
22 dollars to be levied as a special tax for operations and  
23 maintenance purposes, and the sum of ..... to be levied as a  
24 special tax for a working cash fund, on the equalized assessed  
25 value of the taxable property of our district, for the year

1 (insert year).

2 Signed on (insert date).

3 A ..... B ....., President

4 C ..... D....., Clerk (Secretary)

5 Dist. No. ...., ..... County

6 (b) A failure by the school board to file the certificate  
7 with the county clerk in the time required shall not vitiate  
8 the assessment.

9 (c) A school district subject to the authority of a  
10 Financial Oversight Panel pursuant to Article 1H of this Code  
11 shall file a certificate of tax levy as otherwise provided by  
12 this Section, except that such certificate shall be certified  
13 and returned to each county clerk on or before the first  
14 Tuesday in November annually. If, for whatever reason, the  
15 district fails to certify and return the certificate of tax  
16 levy to each county clerk on or before the first Tuesday in  
17 November annually, then the Financial Oversight Panel for such  
18 school district shall proceed to adopt, certify, and return a  
19 certificate of tax levy for such school district to each county  
20 clerk on or before the last Tuesday in December annually.

21 (Source: P.A. 91-357, eff. 7-29-99.)

22 (105 ILCS 5/19-8) (from Ch. 122, par. 19-8)

23 Sec. 19-8. Bonds to pay claims. Any school district or  
24 non-high district operating under general law or special



1 charter having a population of 500,000 or less is authorized to  
2 issue bonds for the purpose of paying orders issued for the  
3 wages of teachers, ~~or~~ for the payment of claims against any  
4 such district, or for providing funds to effect liquidation or  
5 defeasance of the obligations of a Financial Oversight Panel  
6 pursuant to the provisions of Section 1H-115 of this Code.

7 Such bonds may be issued in an amount, including existing  
8 indebtedness, in excess of any statutory limitation as to debt.  
9 (Source: P.A. 94-234, eff. 7-1-06.)

10 (105 ILCS 5/19-9) (from Ch. 122, par. 19-9)

11 Sec. 19-9. Resolution to issue bonds - Submission to  
12 voters. Before any district as described in Section 19-8 shall  
13 avail itself of the provisions of that section the governing  
14 body thereof shall examine and consider the several teachers'  
15 orders or claims or liabilities of a Financial Oversight Panel  
16 established pursuant to Article 1H of this Code, or any or all  
17 of these, or both, proposed to be paid and if it appears that  
18 they were authorized and allowed for proper school purposes it  
19 shall adopt a resolution so declaring and set forth and  
20 describe in detail such teachers' orders and claims and  
21 liabilities of a Financial Oversight Panel established  
22 pursuant to Article 1H of this Code and the adoption of the  
23 resolution shall establish the validity thereof,  
24 notwithstanding the amount of such orders and claims and  
25 liabilities of a Financial Oversight Panel established

1 pursuant to Article 1H of this Code may exceed in whole or in  
2 part any applicable statutory debt limit in force at the time  
3 the indebtedness evidenced by such orders and claims and  
4 liabilities of a Financial Oversight Panel established  
5 pursuant to Article 1H of this Code was incurred. The  
6 resolution shall also declare the intention of the district to  
7 issue bonds for the purpose of paying such teachers' orders or  
8 claims or liabilities of a Financial Oversight Panel  
9 established pursuant to Article 1H of this Code, ~~or both,~~ and  
10 direct that notice of such intention be published at least once  
11 in a newspaper published within the district and if there be no  
12 newspaper published within the district then notice shall be  
13 published in a newspaper having general circulation within the  
14 district. The notice shall set forth (1) the time within which  
15 a petition may be filed requesting the submission of the  
16 proposition to issue the bonds as hereinafter in this Section  
17 provided; (2) the specific number of voters required to sign  
18 the petition; and the date of the prospective referendum. The  
19 recording officer of the district shall provide a petition form  
20 to any individual requesting one. If within 30 days after such  
21 publication of such notice a petition is filed with the  
22 recording officer of the district, signed by the voters of the  
23 district equal to 10% or more of the registered voters of the  
24 district requesting that the proposition to issue bonds as  
25 authorized by Section 19-8 be submitted to the voters thereof,  
26 then the district shall not be authorized to issue bonds as

1 provided by Section 19-8 until the proposition has been  
2 submitted to and approved by a majority of the voters voting on  
3 the proposition at a regular scheduled election. The board  
4 shall certify the proposition to the proper election  
5 authorities for submission in accordance with the general  
6 election law. If no such petition with the requisite number of  
7 signatures is filed within said 30 days, or if any and all  
8 petitions filed are invalid, then the district shall thereafter  
9 be authorized to issue bonds for the purposes and as provided  
10 in Section 19-8.

11 (Source: P.A. 87-767.)

12 Section 20. The Illinois Educational Labor Relations Act is  
13 amended by changing Section 2 as follows:

14 (115 ILCS 5/2) (from Ch. 48, par. 1702)

15 Sec. 2. Definitions. As used in this Act:

16 (a) "Educational employer" or "employer" means the  
17 governing body of a public school district, including the  
18 governing body of a charter school established under Article  
19 27A of the School Code or of a contract school or contract  
20 turnaround school established under paragraph 30 of Section  
21 34-18 of the School Code, combination of public school  
22 districts, including the governing body of joint agreements of  
23 any type formed by 2 or more school districts, public community  
24 college district or State college or university, a

1 subcontractor of instructional services of a school district  
2 (other than a school district organized under Article 34 of the  
3 School Code), combination of school districts, charter school  
4 established under Article 27A of the School Code, or contract  
5 school or contract turnaround school established under  
6 paragraph 30 of Section 34-18 of the School Code, and any State  
7 agency whose major function is providing educational services.

8 "Educational employer" or "employer" does not include (1) a  
9 Financial Oversight Panel created pursuant to Section 1A-8 of  
10 the School Code due to a district violating a financial plan or  
11 (2) an approved nonpublic special education facility that  
12 contracts with a school district or combination of school  
13 districts to provide special education services pursuant to  
14 Section 14-7.02 of the School Code, but does include a School  
15 Finance Authority created under Article 1E or 1F of the School  
16 Code and a Financial Oversight Panel created under Article 1B  
17 or 1H of the School Code. The change made by this amendatory  
18 Act of the 96th General Assembly to this paragraph (a) to make  
19 clear that the governing body of a charter school is an  
20 "educational employer" is declaratory of existing law.

21 (b) "Educational employee" or "employee" means any  
22 individual, excluding supervisors, managerial, confidential,  
23 short term employees, student, and part-time academic  
24 employees of community colleges employed full or part time by  
25 an educational employer, but shall not include elected  
26 officials and appointees of the Governor with the advice and

1 consent of the Senate, firefighters as defined by subsection  
2 (g-1) of Section 3 of the Illinois Public Labor Relations Act,  
3 and peace officers employed by a State university. For the  
4 purposes of this Act, part-time academic employees of community  
5 colleges shall be defined as those employees who provide less  
6 than 3 credit hours of instruction per academic semester. In  
7 this subsection (b), the term "student" includes graduate  
8 students who are research assistants primarily performing  
9 duties that involve research or graduate assistants primarily  
10 performing duties that are pre-professional, but excludes  
11 graduate students who are teaching assistants primarily  
12 performing duties that involve the delivery and support of  
13 instruction and all other graduate assistants.

14 (c) "Employee organization" or "labor organization" means  
15 an organization of any kind in which membership includes  
16 educational employees, and which exists for the purpose, in  
17 whole or in part, of dealing with employers concerning  
18 grievances, employee-employer disputes, wages, rates of pay,  
19 hours of employment, or conditions of work, but shall not  
20 include any organization which practices discrimination in  
21 membership because of race, color, creed, age, gender, national  
22 origin or political affiliation.

23 (d) "Exclusive representative" means the labor  
24 organization which has been designated by the Illinois  
25 Educational Labor Relations Board as the representative of the  
26 majority of educational employees in an appropriate unit, or

1 recognized by an educational employer prior to January 1, 1984  
2 as the exclusive representative of the employees in an  
3 appropriate unit or, after January 1, 1984, recognized by an  
4 employer upon evidence that the employee organization has been  
5 designated as the exclusive representative by a majority of the  
6 employees in an appropriate unit.

7 (e) "Board" means the Illinois Educational Labor Relations  
8 Board.

9 (f) "Regional Superintendent" means the regional  
10 superintendent of schools provided for in Articles 3 and 3A of  
11 The School Code.

12 (g) "Supervisor" means any individual having authority in  
13 the interests of the employer to hire, transfer, suspend, lay  
14 off, recall, promote, discharge, reward or discipline other  
15 employees within the appropriate bargaining unit and adjust  
16 their grievances, or to effectively recommend such action if  
17 the exercise of such authority is not of a merely routine or  
18 clerical nature but requires the use of independent judgment.  
19 The term "supervisor" includes only those individuals who  
20 devote a preponderance of their employment time to such  
21 exercising authority.

22 (h) "Unfair labor practice" or "unfair practice" means any  
23 practice prohibited by Section 14 of this Act.

24 (i) "Person" includes an individual, educational employee,  
25 educational employer, legal representative, or employee  
26 organization.

1           (j) "Wages" means salaries or other forms of compensation  
2 for services rendered.

3           (k) "Professional employee" means, in the case of a public  
4 community college, State college or university, State agency  
5 whose major function is providing educational services, the  
6 Illinois School for the Deaf, and the Illinois School for the  
7 Visually Impaired, (1) any employee engaged in work (i)  
8 predominantly intellectual and varied in character as opposed  
9 to routine mental, manual, mechanical, or physical work; (ii)  
10 involving the consistent exercise of discretion and judgment in  
11 its performance; (iii) of such character that the output  
12 produced or the result accomplished cannot be standardized in  
13 relation to a given period of time; and (iv) requiring  
14 knowledge of an advanced type in a field of science or learning  
15 customarily acquired by a prolonged course of specialized  
16 intellectual instruction and study in an institution of higher  
17 learning or a hospital, as distinguished from a general  
18 academic education or from an apprenticeship or from training  
19 in the performance of routine mental, manual, or physical  
20 processes; or (2) any employee, who (i) has completed the  
21 courses of specialized intellectual instruction and study  
22 described in clause (iv) of paragraph (1) of this subsection,  
23 and (ii) is performing related work under the supervision of a  
24 professional person to qualify himself or herself to become a  
25 professional as defined in paragraph (1).

26           (1) "Professional employee" means, in the case of any

1 public school district, or combination of school districts  
2 pursuant to joint agreement, any employee who has a certificate  
3 issued under Article 21 or Section 34-83 of the School Code, as  
4 now or hereafter amended.

5 (m) "Unit" or "bargaining unit" means any group of  
6 employees for which an exclusive representative is selected.

7 (n) "Confidential employee" means an employee, who (i) in  
8 the regular course of his or her duties, assists and acts in a  
9 confidential capacity to persons who formulate, determine and  
10 effectuate management policies with regard to labor relations  
11 or who (ii) in the regular course of his or her duties has  
12 access to information relating to the effectuation or review of  
13 the employer's collective bargaining policies.

14 (o) "Managerial employee" means an individual who is  
15 engaged predominantly in executive and management functions  
16 and is charged with the responsibility of directing the  
17 effectuation of such management policies and practices.

18 (p) "Craft employee" means a skilled journeyman, craft  
19 person, and his or her apprentice or helper.

20 (q) "Short-term employee" is an employee who is employed  
21 for less than 2 consecutive calendar quarters during a calendar  
22 year and who does not have a reasonable expectation that he or  
23 she will be rehired by the same employer for the same service  
24 in a subsequent calendar year. Nothing in this subsection shall  
25 affect the employee status of individuals who were covered by a  
26 collective bargaining agreement on the effective date of this



1 amendatory Act of 1991.

2 (Source: P.A. 95-331, eff. 8-21-07; 96-104, eff. 1-1-10.)

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