

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.