



Sen. John M. Sullivan

Filed: 3/15/2011

09700SB2149sam001

LRB097 10095 NHT 52846 a

1 AMENDMENT TO SENATE BILL 2149

2 AMENDMENT NO. _____. Amend Senate Bill 2149 by replacing
3 everything after the enacting clause with the following:

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, reflective of the

1 approved financial plan and the approval of the Panel, as
2 otherwise provided by this Section, except that the certificate
3 must be certified to the county clerk on or before the first
4 Tuesday in November.

5 (c) If a school district as specified in subsection (b) of
6 this Section fails to certify and return the certificate of tax
7 levy, reflective of the approved financial plan and the
8 approval of the Financial Oversight Panel, to the county clerk
9 on or before the first Tuesday in November, then the Financial
10 Oversight Panel for the school district shall proceed to adopt,
11 certify, and return a certificate of tax levy for the school
12 district to the county clerk on or before the last Tuesday in
13 December.

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

15 (35 ILCS 200/18-50.1)

16 Sec. 18-50.1. School Finance Authority and Financial
17 Oversight Panel levies.

18 (a) Notwithstanding any other law to the contrary, any levy
19 adopted by a School Finance Authority created under Article 1F
20 of the School Code is valid and shall be extended by the county
21 clerk if it is certified to the county clerk by the Authority
22 in sufficient time to allow the county clerk to include the
23 levy in the extension for the taxable year.

24 (b) Notwithstanding any other law to the contrary, any levy
25 adopted by a Financial Oversight Panel created under Article 1H

1 of the School Code and levied pursuant to Section 1H-75 of the
2 School Code is valid and shall be extended by the county clerk
3 if it is certified to the county clerk by the Panel in
4 sufficient time to allow the county clerk to include the levy
5 in the extension for the taxable year.

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

7 (35 ILCS 200/18-92)

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

10 (a) The provisions of the Truth in Taxation Law are subject
11 to the Downstate School Finance Authority for Elementary
12 Districts Law.

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

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

19 (35 ILCS 200/18-241)

20 Sec. 18-241. School Finance Authority and Financial
21 Oversight Panel.

22 (a) A School Finance Authority established under Article 1E
23 or 1F of the School Code shall not be a taxing district for
24 purposes of this Law. A Financial Oversight Panel established

1 under Article 1H of the School Code shall not be a taxing
2 district for purposes of this Law.

3 (b) This Law shall not apply to the extension of taxes for
4 a school district for the levy year in which a School Finance
5 Authority for the district is created pursuant to Article 1E or
6 1F of the School Code. This Law shall not apply to the
7 extension of taxes for a school district for the levy year in
8 which a Financial Oversight Panel for the district is created
9 pursuant to Article 1H of the School Code.

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

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

13 (40 ILCS 5/7-105) (from Ch. 108 1/2, par. 7-105)

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

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

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

3 Sec. 7-109. Employee.

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

5 (a) 1. Receives earnings as payment for the performance
6 of personal services or official duties out of the
7 general fund of a municipality, or out of any special
8 fund or funds controlled by a municipality, or by an
9 instrumentality thereof, or a participating
10 instrumentality, including, in counties, the fees or
11 earnings of any county fee office; and

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

22 (b) Serves as a township treasurer appointed under the
23 School Code, as heretofore or hereafter amended, and who
24 receives for such services regular compensation as
25 distinguished from per diem compensation, and any regular

1 employee in the office of any township treasurer whether or
2 not his earnings are paid from the income of the permanent
3 township fund or from funds subject to distribution to the
4 several school districts and parts of school districts as
5 provided in the School Code, or from both such sources; or
6 is the chief executive officer, chief educational officer,
7 chief fiscal officer, or other employee of a Financial
8 Oversight Panel established pursuant to Article 1H of the
9 School Code, other than a superintendent or certified
10 school business official.

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

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

14 (a) Are eligible for inclusion under any of the
15 following laws:

16 1. "An Act in relation to an Illinois State
17 Teachers' Pension and Retirement Fund", approved May
18 27, 1915, as amended;

19 2. Articles 15 and 16 of this Code.

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

24 However, any member of the armed forces who is employed
25 as a teacher of subjects in the Reserve Officers Training
26 Corps of any school and who is not certified under the law

1 governing the certification of teachers shall be included
2 as an employee.

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

25 (3) All persons, including, without limitation, public
26 defenders and probation officers, who receive earnings from

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

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

19 (40 ILCS 5/7-132) (from Ch. 108 1/2, par. 7-132)

20 Sec. 7-132. Municipalities, instrumentalities and
21 participating instrumentalities included and effective dates.

22 (A) Municipalities and their instrumentalities.

23 (a) The following described municipalities, but not
24 including any with more than 1,000,000 inhabitants, and the

1 instrumentalities thereof, shall be included within and be
2 subject to this Article beginning upon the effective dates
3 specified by the Board:

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

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

26 (2) School districts, other than those specifically

1 excluded under this Article, shall be subject to this
2 Article, without election, with respect to all employees
3 thereof.

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

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

20 (b) A municipality that is about to begin participation
21 shall submit to the Board an application to participate, in a
22 form acceptable to the Board, not later than 90 days prior to
23 the proposed effective date of participation. The Board shall
24 act upon the application within 90 days, and if it finds that
25 the application is in conformity with its requirements and the
26 requirements of this Article, participation by the applicant

1 shall commence on a date acceptable to the municipality and
2 specified by the Board, but in no event more than one year from
3 the date of application.

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

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

18 (B) Participating instrumentalities.

19 (a) The participating instrumentalities designated in
20 paragraph (b) of this subsection shall be included within and
21 be subject to this Article if:

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

1 (2) the Board finds that the application is in
2 conformity with its requirements, that the applicant has
3 reasonable expectation to continue as a political entity
4 for a period of at least 10 years and has the prospective
5 financial capacity to meet its current and future
6 obligations to the Fund, and that the actuarial soundness
7 of the Fund may be reasonably expected to be unimpaired by
8 approval of participation by the applicant.

9 The Board shall notify the applicant of its findings within
10 90 days after receiving the application, and if the Board
11 approves the application, participation by the applicant shall
12 commence on the effective date specified by the Board.

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

18 i. Township School District Trustees.

19 ii. Multiple County and Consolidated Health
20 Departments created under Division 5-25 of the Counties
21 Code or its predecessor law.

22 iii. Public Building Commissions created under the
23 Public Building Commission Act, and located in counties of
24 less than 1,000,000 inhabitants.

25 iv. A multitype, consolidated or cooperative library
26 system created under the Illinois Library System Act. Any

1 library system created under the Illinois Library System
2 Act that has one or more predecessors that participated in
3 the Fund may participate in the Fund upon application. The
4 Board shall establish procedures for implementing the
5 transfer of rights and obligations from the predecessor
6 system to the successor system.

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

9 vi. Local Public Housing Authorities created under the
10 Housing Authorities Act, located in counties of less than
11 1,000,000 inhabitants.

12 vii. Illinois Municipal League.

13 viii. Northeastern Illinois Metropolitan Area Planning
14 Commission.

15 ix. Southwestern Illinois Metropolitan Area Planning
16 Commission.

17 x. Illinois Association of Park Districts.

18 xi. Illinois Supervisors, County Commissioners and
19 Superintendents of Highways Association.

20 xii. Tri-City Regional Port District.

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

24 xiv. Drainage Districts operating under the Illinois
25 Drainage Code.

26 xv. Local mass transit districts created under the

1 Local Mass Transit District Act.

2 xvi. Soil and water conservation districts created
3 under the Soil and Water Conservation Districts Law.

4 xvii. Commissions created to provide water supply or
5 sewer services or both under Division 135 or Division 136
6 of Article 11 of the Illinois Municipal Code.

7 xviii. Public water districts created under the Public
8 Water District Act.

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

12 xx. The governing body of an entity, other than a
13 vocational education cooperative, created under an
14 intergovernmental cooperative agreement established
15 between participating municipalities under the
16 Intergovernmental Cooperation Act, which by the terms of
17 the agreement is the employer of the persons performing
18 services under the agreement under the usual common law
19 rules determining the employer-employee relationship. The
20 governing body of such an intergovernmental cooperative
21 entity established prior to July 1, 1988 may make
22 participation retroactive to the effective date of the
23 agreement and, if so, the effective date of participation
24 shall be the date the required application is filed with
25 the fund. If any such entity is unable to pay the required
26 employer contributions to the fund, then the participating

1 municipalities shall make payment of the required
2 contributions and the payments shall be allocated as
3 provided in the agreement or, if not so provided, equally
4 among them.

5 xxi. The Illinois Municipal Electric Agency.

6 xxii. The Waukegan Port District.

7 xxiii. The Fox Waterway Agency created under the Fox
8 Waterway Agency Act.

9 xxiv. The Illinois Municipal Gas Agency.

10 xxv. The Kaskaskia Regional Port District.

11 xxvi. The Southwestern Illinois Development Authority.

12 xxvii. The Cairo Public Utility Company.

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

1 Illinois Planning Commission and contributions to the
2 State Employees' Retirement System of Illinois established
3 under Article 14 and the Illinois Municipal Retirement Fund
4 shall count towards the satisfaction of such requirements.

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

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

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

23 The governing board of the Special Education District of
24 Lake County shall become subject to this Article as a
25 participating instrumentality on July 1, 1997. Notwithstanding
26 subdivision (a)1 of Section 7-139, on the effective date of

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

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

25 The Boards of Control of cooperative or joint educational
26 programs or projects created and administered under Section

1 3-15.14 of the School Code, whether or not the Boards act as
2 their own administrative district, shall be included within and
3 be subject to this Article as participating instrumentalities
4 when the agreement establishing the cooperative or joint
5 educational program or project becomes effective.

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

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

1 last full school year for each district in relation to the
2 total number of students in average attendance for such period
3 for all districts served. If such educational service centers,
4 vocational education cooperatives or cooperative or joint
5 educational programs or projects created and administered
6 under Section 3-15.14 of the School Code are dissolved, the
7 assets and obligations shall be distributed among the districts
8 in the same proportions unless otherwise provided.

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

25 Financial Oversight Panels established under Article 1H of
26 the School Code shall be included within and be subject to this

1 Article as a participating instrumentality on the effective
2 date of this amendatory Act of on the 97th General Assembly. If
3 the Financial Oversight Panel is unable to pay the required
4 employer contributions to the fund, then the school districts
5 served shall make payment of required contributions as provided
6 in Section 7-172. If the Financial Oversight Panel is
7 dissolved, then the assets and obligations shall be distributed
8 to the district served.

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

22 If the Board returns any employer and employee
23 contributions to any employer which erroneously submitted such
24 contributions on behalf of a special recreation joint
25 agreement, the Board shall include interest computed from the
26 end of each year to the date of payment, not compounded, at the

1 rate of 7% per annum.

2 (e) Each multi-township assessment district, the board of
3 trustees of which has adopted this Article by ordinance prior
4 to April 1, 1982, shall be a participating instrumentality
5 included within and subject to this Article effective December
6 1, 1981. The contributions required under Section 7-172 shall
7 be included in the budget prepared under and allocated in
8 accordance with Section 2-30 of the Property Tax Code.

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

21 (C) Prospective participants.

22 Beginning January 1, 1992, each prospective participating
23 municipality or participating instrumentality shall pay to the
24 Fund the cost, as determined by the Board, of a study prepared
25 by the Fund or its actuary, detailing the prospective costs of

1 participation in the Fund to be expected by the municipality or
2 instrumentality.

3 (Source: P.A. 95-677, eff. 10-11-07; 96-211, eff. 8-10-09;
4 96-551, eff. 8-17-09; 96-1000, eff. 7-2-10; 96-1046, eff.
5 7-14-10.)

6 Section 15. The School Code is amended by changing Sections
7 1A-8, 1B-8, 8-6, 10-16.9, 10-16.11, 17-1, 17-11, 19-8, and 19-9
8 and by adding Sections 1E-165 and 1F-165 and Article 1H as
9 follows:

10 (105 ILCS 5/1A-8) (from Ch. 122, par. 1A-8)

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

17 (a) The State Superintendent of Education may require a
18 school district, including any district subject to Article 34A
19 of this Code, to share financial information relevant to a
20 proper investigation of the district's financial condition and
21 the delivery of appropriate State financial, technical, and
22 consulting services to the district if the district (i) has
23 been designated, through the State Board of Education's School
24 District Financial Profile System, as on financial warning or

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

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

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

23 (2) The district has issued tax anticipation warrants
24 or tax anticipation notes in anticipation of a second
25 year's taxes when warrants or notes in anticipation of
26 current year taxes are still outstanding, as authorized by

1 Sections 17-16, 34-23, 34-59 and 34-63 of this Code, or has
2 issued short-term debt against 2 future revenue sources,
3 such as, but not limited to, tax anticipation warrants and
4 general State Aid certificates or tax anticipation
5 warrants and revenue anticipation notes.

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

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

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

18 No school district shall be certified by the State Board of
19 Education to be in financial difficulty solely by reason of any
20 of the above circumstances arising as a result of (i) the
21 failure of the county to make any distribution of property tax
22 money due the district at the time such distribution is due or
23 (ii) the failure of this State to make timely payments of
24 general State aid or any of the mandated categoricals; or if
25 the district clearly demonstrates to the satisfaction of the
26 State Board of Education at the time of its determination that

1 such condition no longer exists. If the State Board of
2 Education certifies that a district in a city with 500,000
3 inhabitants or more is in financial difficulty, the State Board
4 shall so notify the Governor and the Mayor of the city in which
5 the district is located. The State Board of Education may
6 require school districts certified in financial difficulty,
7 except those districts subject to Article 34A, to develop,
8 adopt and submit a financial plan within 45 days after
9 certification of financial difficulty. The financial plan
10 shall be developed according to guidelines presented to the
11 district by the State Board of Education within 14 days of
12 certification. Such guidelines shall address the specific
13 nature of each district's financial difficulties. Any proposed
14 budget of the district shall be consistent with the financial
15 plan submitted to and approved by the State Board of Education.

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

1 shall produce such budgetary data, financial statements,
2 reports and other information and comply with such directives.
3 If the State Board of Education determines that a district has
4 failed to comply with its financial plan, the State Board of
5 Education may rescind approval of the plan and appoint a
6 Financial Oversight Panel for the district as provided in
7 Section 1B-4. This action shall be taken only after the
8 district has been given notice and an opportunity to appear
9 before the State Board of Education to discuss its failure to
10 comply with its financial plan.

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

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

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

2 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

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

23 From the amount allocated to each such school district
24 under this Article the State Board shall identify a sum
25 sufficient to cover all approved costs of the Financial

1 Oversight Panel established for the respective school
2 district. If the State Board and State Superintendent of
3 Education have not approved emergency financial assistance in
4 conjunction with the appointment of a Financial Oversight
5 Panel, the Panel's approved costs shall be paid from deductions
6 from the district's general State aid.

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

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

25 The payment of an emergency State financial assistance
26 grant or loan shall be subject to appropriation by the General

1 Assembly. Payment of the emergency state financial assistance
2 loan is subject to the applicable provisions of the Illinois
3 Finance Authority Act. Emergency State financial assistance
4 allocated and paid to a school district under this Article may
5 be applied to any fund or funds from which the local board of
6 education of that district is authorized to make expenditures
7 by law.

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

1 Financial Oversight Panel ceases to exist. The Panel shall
2 establish and the Illinois Finance Authority shall approve the
3 terms and conditions, including the schedule, of repayments.
4 The schedule shall provide for repayments commencing July 1 of
5 each year or upon each fiscal year's receipt of moneys from a
6 tax levy for emergency financial assistance. Repayment shall be
7 incorporated into the annual budget of the school district and
8 may be made from any fund or funds of the district in which
9 there are moneys available. Default on repayment is subject to
10 the Illinois Grant Funds Recovery Act. When moneys are repaid
11 as provided herein they shall not be made available to the
12 local board for further use as emergency financial assistance
13 under this Article at any time thereafter. All repayments
14 required to be made by a school district shall be received by
15 the State Board and deposited in the School District Emergency
16 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 5/1E-165 new)

10 Sec. 1E-165. Repeal. When the Authority established
11 pursuant to this Article is abolished pursuant to Section
12 1E-155, this Article shall be repealed.

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

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

17 (105 ILCS 5/Art. 1H heading new)

18 ARTICLE 1H. FINANCIAL OVERSIGHT PANELS

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

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

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

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

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

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

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

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

21 (b) It is the purpose of this Article to provide a secure
22 financial basis for the continued operation of public schools.
23 The intention of the General Assembly, in creating this
24 Article, is to establish procedures, provide powers, and impose
25 restrictions to ensure the financial and educational integrity
26 of public school districts, while leaving principal

1 responsibility for the educational policies of public schools
2 to their boards of education, consistent with the requirements
3 for satisfying the public policy and purpose set forth in this
4 Article.

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

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

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

10 "Chairperson" means the Chairperson of the Panel.

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

14 "Financial plan" means the financial plan of the district
15 to be developed pursuant to this Article, as in effect from
16 time to time.

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

18 "Obligations" means notes or other short-term debts or
19 liabilities of the Panel.

20 "Panel" means a Financial Oversight Panel created under
21 this Article.

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

23 "State Superintendent" means the State Superintendent of
24 Education.

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

2 Sec. 1H-15. Establishment of Financial Oversight Panels;
3 duties of district.

4 (a) A school district may petition the State Board for the
5 establishment of a Financial Oversight Panel for the district.
6 The petition shall cite the reasons why the creation of a
7 Financial Oversight Panel for the district is necessary. In
8 determining whether or not to place a district under a Panel,
9 the State Board shall consider all of the following:

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

12 (2) If a panel is in the best interest of other schools
13 in the area and the educational welfare of all the pupils
14 therein.

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

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

19 (1) There is established a body both corporate and
20 politic to be known as the "(Name of School District)
21 Financial Oversight Panel", which in this name shall
22 exercise all authority vested in a Panel by this Article.

23 (2) The powers and duties of a Financial Oversight
24 Panel established pursuant to this Article shall include
25 the duties and obligations of financial oversight panels
26 established under Article 1B of this Code, in addition to

1 any duties and obligations established under this Article.
2 However, if there is any conflict between the provisions of
3 this Article and the provisions of Article 1B of this Code,
4 the provisions of this Article control.

5 (3) The Financial Oversight Panel, the school board,
6 and the district administrator shall develop goals and
7 objectives to assist the district in obtaining financial
8 stability. The goals and objectives must be developed as
9 part of the financial plan that the school board is
10 required to develop, adopt, and submit to the Panel in
11 accordance with Section 1B-12 of this Code. The goals and
12 objectives must be formally reviewed at agreed to
13 intervals, but at least one time per year. Review shall
14 include progress made and recommendations and
15 modifications needed to achieve abolition of financial
16 oversight provided for under Section 1H-115 of this Code.

17 (c) Any school district having a Financial Oversight Panel
18 established under Article 1B of this Code or any Financial
19 Oversight Panel established under Article 1B may petition the
20 State Board for the establishment of a Financial Oversight
21 Panel under this Article and concurrent dissolution of the
22 Article 1B Panel. All records, papers, books, funds, or other
23 assets or liabilities belonging to the dissolving Financial
24 Oversight Panel shall be transferred to the newly established
25 Financial Oversight Panel.

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

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

3 (a) Upon establishment of a Financial Oversight Panel under
4 Section 1H-15 of this Code, the State Superintendent shall
5 within 15 working days thereafter appoint 5 members to serve on
6 a Financial Oversight Panel for the district. Members appointed
7 to the Panel shall serve at the pleasure of the State
8 Superintendent. The State Superintendent shall designate one
9 of the members of the Panel to serve as its Chairperson. In the
10 event of vacancy or resignation, the State Superintendent
11 shall, within 10 days after receiving notice, appoint a
12 successor to serve out that member's term. The State
13 Superintendent may remove a member for incompetence,
14 malfeasance, neglect of duty, or other just cause.

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

23 (c) Panel members may be reimbursed by the State Board for
24 travel and other necessary expenses incurred in the performance
25 of their official duties. The amount reimbursed members for
26 their expenses shall be charged to the school district as part

1 of any emergency financial assistance and incorporated as a
2 part of the terms and conditions for repayment of the
3 assistance or shall be deducted from the district's general
4 State aid as provided in Section 1H-65 of this Code.

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

8 (e) The first meeting of the Panel shall be held at the
9 call of the Chairperson. The Panel shall prescribe the times
10 and places for its meetings and the manner in which regular and
11 special meetings may be called and shall comply with the Open
12 Meetings Act. The Panel shall also comply with the Freedom of
13 Information Act.

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

16 (105 ILCS 5/1H-25 new)

17 Sec. 1H-25. General powers.

18 (a) The purposes of the Panel shall be to exercise
19 financial control over the district and to furnish financial
20 assistance so that the district can provide public education
21 within the district's jurisdiction while permitting the
22 district to meet its obligations to its creditors and the
23 holders of its debt. Except as expressly limited by this
24 Article, the Panel shall have all powers granted to a voluntary
25 or involuntary Financial Oversight Panel and to a Financial

1 Administrator under Article 1B of this Code and all other
2 powers necessary to meet its responsibilities and to carry out
3 its purposes and the purposes of this Article, including
4 without limitation all of the following powers:

5 (1) To sue and to be sued.

6 (2) To determine at a regular or special meeting that
7 the district has insufficient or inadequate funds or other
8 financial resources with respect to any contract (other
9 than collective bargaining agreements), leases, subleases,
10 and other instruments or agreements applicable to or
11 binding upon the school board, and to make, cancel, modify,
12 or execute contracts (other than collective bargaining
13 agreements), leases, subleases, and all other instruments
14 or agreements necessary, convenient, or otherwise
15 beneficial to the district and consistent with the powers
16 and functions granted by this Article or other applicable
17 law.

18 (3) To lease or purchase real or personal property
19 necessary or convenient for its purposes; to execute and
20 deliver deeds for real property held in its own name; and
21 to sell, lease, or otherwise dispose of such of its
22 property as, in the judgment of the Panel, is no longer
23 necessary for its purposes.

24 (4) To employ officers, agents, and employees of the
25 Panel, to define their duties and qualifications, and to
26 fix their compensation and benefits.

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

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

8 (7) To levy all property tax levies that otherwise
9 could be levied by the district if the district fails to
10 certify and return the certificate of tax levy to the
11 county clerk on or before the first Tuesday in November,
12 and to make levies pursuant to Section 1H-65 of this Code.
13 This levy or levies shall be exempt from the Truth in
14 Taxation Law.

15 (8) Subject to the provisions of any contract with or
16 for the benefit of the holders of its obligations, to
17 purchase or redeem its obligations.

18 (9) To procure all necessary goods and services for the
19 Panel in compliance with the purchasing laws and
20 requirements applicable to the district.

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

24 (11) To recommend any type of reorganization of the
25 district, in whole or in part, pursuant to Article 7 or 11E
26 of this Code or Section 10-22.22b or 10-22.22c of this Code

1 to the General Assembly if in the Panel's judgment the
2 circumstances so require.

3 (b) Notwithstanding the provisions of subsection (a) of
4 this Section, the Panel shall have no power to do any of the
5 following:

6 (1) Unilaterally cancel or modify any collective
7 bargaining agreement in force upon the date of creation of
8 the Panel.

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

13 (3) Authorize payments for or incur any debt for any
14 additional school buildings or grounds as specified in
15 subdivision (2) of this subsection (b) without prior
16 approval via referendum pursuant to the provisions of
17 Sections 19-2 through 19-7 of this Code, the provisions of
18 Section 10-22.36 of this Code to the contrary
19 notwithstanding.

20 (105 ILCS 5/1H-30 new)

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

24 (1) A chief executive officer who shall supervise the
25 Panel's staff, including the chief educational officer and

1 the chief fiscal officer, and shall have ultimate
2 responsibility for implementing the policies, procedures,
3 directives, and decisions of the Panel. The chief executive
4 officer shall have the authority to determine the agenda
5 and order of business at school board meetings, as needed
6 in order to carry forward and implement the objectives and
7 priorities of the school board and Financial Oversight
8 Panel in the administration and management of the district.
9 This individual is not required to hold any certificate
10 issued under Article 21 of this Code. The chief executive
11 officer shall have the powers and duties as assigned by the
12 Panel in accordance with this Code.

13 (2) A chief educational officer, who may be employed by
14 the Panel if there is no superintendent in the district or
15 if the Panel, at a regular or special meeting, finds that
16 cause exists to cancel the contract of the district's
17 superintendent who is serving at the time the Panel is
18 established. Cancellation of an existing superintendent
19 contract may be done only pursuant to the same requirements
20 and in the same manner as the school board may cancel the
21 contract. A chief educational officer employed under this
22 subdivision (2) shall have the powers and duties of a
23 school district superintendent under this Code and such
24 other duties as may be assigned by the Panel in accordance
25 with this Code.

26 (3) A chief fiscal officer, who may be employed by the

1 Panel. This individual shall be under the direction of the
2 Panel or the chief executive officer employed by the Panel
3 and shall have all of the powers and duties of the
4 district's chief school business official and any other
5 duties regarding budgeting, accounting, and other
6 financial matters that are assigned by the Panel, in
7 accordance with this Code.

8 (4) A superintendent, who shall be under the direction
9 of the Panel or the chief executive officer employed by the
10 Panel and shall have all of the powers and duties of a
11 school district superintendent under this Code assigned by
12 the Panel and such other duties as may be assigned by the
13 Panel in accordance with this Code.

14 (5) A chief school business official, who shall have
15 all of the powers and duties of a chief school business
16 official under this Code assigned by the Panel and such
17 other duties as may be assigned by the Panel in accordance
18 with this Code.

19 An individual employed by the Panel as a superintendent or
20 a chief school business official under this Section must hold
21 the appropriate certification for these positions. Individuals
22 employed by the Panel as a chief executive officer, chief
23 educational officer, or chief fiscal officer under this Section
24 are not required to hold certification. A chief educational
25 officer under his Section must not be employed by the Panel
26 during a period a superintendent is employed by the district

1 and a chief fiscal officer under this Section must not be
2 employed by the Panel during a period a chief school business
3 official is employed by the district.

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

7 (105 ILCS 5/1H-35 new)

8 Sec. 1H-35. School treasurer.

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

19 (b) In the case of a district located in a Class II county
20 school unit where such district is subject to the jurisdiction
21 and authority of township trustees and the jurisdiction and
22 authority of the township treasurer, the Panel may require
23 production of bank reconciliations and other reports or
24 statements as required under Sections 8-6 and 8-13 through 8-15
25 of this Code.

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

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

6 Sec. 1H-45. Collective bargaining agreements. In
7 conjunction with the district administration, the Panel shall
8 have the power to negotiate collective bargaining agreements
9 with the district's employees. Upon union ratification, the
10 district and the Panel shall execute the agreements negotiated
11 by the Panel, and the district shall be bound by and shall
12 administer the agreements in all respects as if the agreements
13 had been negotiated by the district itself.

14 (105 ILCS 5/1H-50 new)

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

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

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

23 (105 ILCS 5/1H-55 new)

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

2 (a) The Panel shall require the district or any officer of
3 the district, including the district's treasurer, to establish
4 and maintain separate cash accounts and separate bank accounts
5 in accordance with such rules, standards, and procedures as the
6 Panel may prescribe.

7 (b) The Panel shall have the power to assume exclusive
8 administration of the cash accounts and bank accounts of the
9 district, to establish and maintain whatever new cash accounts
10 and bank accounts it may deem appropriate, and to withdraw
11 funds from these accounts for the lawful expenditures of the
12 district.

13 (105 ILCS 5/1H-60 new)

14 Sec. 1H-60. Financial, management, and budgetary
15 structure. Upon direction of the Panel, the district shall
16 reorganize the financial accounts, management, and budgetary
17 systems of the district in a manner consistent with rules
18 adopted by the State Board regarding accounting, budgeting,
19 financial reporting, and auditing as the Panel deems
20 appropriate to remedy the conditions that led the Panel to be
21 created and to achieve greater financial responsibility and to
22 reduce financial inefficiency.

23 (105 ILCS 5/1H-65 new)

24 Sec. 1H-65. School District Emergency Financial Assistance

1 Fund; grants and loans.

2 (a) Moneys in the School District Emergency Financial
3 Assistance Fund established under Section 1B-8 of this Code may
4 be allocated and expended by the State Board for contractual
5 services to provide technical assistance and consultation to
6 districts, as defined in Section 1H-10 of this Code, to assess
7 their financial condition or to Panels established under this
8 Article 1H that petition for emergency financial assistance
9 grants and by the Illinois Finance Authority as loans to school
10 districts that are the subject of an approved petition for
11 emergency financial assistance under this Code. Neither the
12 State Board of Education nor the Illinois Finance Authority may
13 collect any fees for providing these services. From the amount
14 allocated to each such school district, the State Board shall
15 identify a sum sufficient to cover all approved costs of the
16 Panel established for the respective school district. If the
17 State Board and State Superintendent of Education have not
18 approved emergency financial assistance in conjunction with
19 the appointment of a Panel, the Panel's approved costs shall be
20 paid from deductions from the district's general State aid. An
21 emergency financial assistance loan to a Panel or borrowing
22 from sources other than the State shall not be considered as
23 part of the calculation of a district's debt for purposes of
24 the limitation specified in Section 19-1 of this Code.

25 (b) The Panel may prepare and file with the State
26 Superintendent a proposal for emergency financial assistance

1 for the school district and for its operations budget. A school
2 district may receive both a loan and a grant. State emergency
3 financial assistance allocated and paid to a Panel under this
4 Article may be applied to any fund or funds from which the
5 Panel is authorized to make expenditures by law. Any State
6 emergency financial assistance proposed by the Panel and
7 approved by the State Superintendent may be paid in its
8 entirety during the initial year of the Panel's existence or
9 spread in equal or variable amounts over a period of years not
10 to exceed the period of the Panel's existence.

11 (c) The amount of an emergency financial assistance grant
12 that may be allocated to a Panel under this Article must not
13 exceed \$1,000 times the number of pupils enrolled in the
14 district during the school year ending June 30 prior to the
15 date of approval of the petition for emergency financial
16 assistance by the State Board. The payment of a State emergency
17 financial assistance grant is subject appropriation by the
18 General Assembly.

19 (d) The amount of an emergency financial assistance loan
20 that may be allocated to a Panel under this Article, including
21 (i) moneys necessary for the operations of the Panel and (ii)
22 borrowing from sources other than the State shall not exceed,
23 in the aggregate, \$4,000 times the number of pupils enrolled in
24 the district during the school year ending June 30 prior to the
25 date of approval of the petition for emergency financial
26 assistance by the State Board. However, this limitation does

1 not apply to borrowing by the district secured by amounts
2 levied by the district prior to establishment of the Panel. The
3 State Superintendent may not approve any loan to the Panel
4 unless the Panel has been unable to borrow sufficient funds to
5 operate the district.

6 All loan payments made from the School District Emergency
7 Financial Assistance Fund to a Panel must be required to be
8 repaid not later than the date the Panel ceases to exist, with
9 simple interest over the term of the loan at a rate equal to
10 50% of the one-year Constant Maturity Treasury (CMT) yield as
11 last published by the Board of Governors of the Federal Reserve
12 System before the date on which the Financial Oversight Panel's
13 loan is approved by the State Superintendent.

14 The Panel shall establish and the Illinois Finance
15 Authority shall approve the terms and conditions of the loan,
16 including the schedule of repayments. The schedule shall
17 provide for repayments commencing July 1 of each year or upon
18 each fiscal year's receipt of moneys from a tax levy for
19 emergency financial assistance. Repayment shall be
20 incorporated into the annual budget of the district and may be
21 made from any fund or funds of the district in which there are
22 moneys available. Default on repayment is subject to the
23 Illinois Grant Funds Recovery Act. When moneys are repaid as
24 provided in this Section, they shall not be made available to
25 the Panel for further use as emergency financial assistance
26 under this Article at any time thereafter. All repayments

1 required to be made by a Panel shall be deposited into the
2 School District Emergency Financial Assistance Fund.

3 In establishing the terms and conditions for the repayment
4 obligation of the Panel, the Panel shall annually determine
5 whether a separate local property tax levy is required to meet
6 that obligation. The Financial Oversight Panel shall provide
7 for a separate tax levy for emergency financial assistance
8 repayment purposes. This tax levy shall not be subject to
9 referendum approval. The amount of the levy shall not exceed
10 the amount necessary to meet the annual emergency financial
11 repayment obligations of the district, including principal and
12 interest, as established by the Panel, and shall not be subject
13 to the provisions of the Property Tax Extension Limitation Law.

14 (105 ILCS 5/1H-70 new)

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

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

1 (2) issue tax anticipation notes under the provisions
2 of the Tax Anticipation Note Act against taxes levied by
3 either the school board or the Panel pursuant to Section
4 1H-25 of this Code;

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

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

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

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

16 (105 ILCS 5/1H-75 new)

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

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

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

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

12 (3) may issue warrants, or may provide a fund to meet
13 the expenses by issuing and disposing of warrants, drawn
14 against and in anticipation of the tax levied pursuant to
15 this Section, for the payment of the necessary expenses of
16 the district, either for transportation, educational, or
17 all operations and maintenance purposes or for payments to
18 the Illinois Municipal Retirement Fund, as the case may be,
19 to the extent of 75% of the total amount of the tax so
20 levied. The warrants shall show upon their face that they
21 are payable in the numerical order of their issuance solely
22 from such taxes when collected, and shall be received by
23 any collector of taxes in payment of the taxes against
24 which they are issued, and such taxes shall be set apart
25 and held for their payment; every warrant shall bear
26 interest, payable only out of the taxes against which it is

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

13 (105 ILCS 5/1H-80 new)

14 Sec. 1H-80. State or district not liable on obligations.
15 Obligations shall not be deemed to constitute (i) a debt or
16 liability of the State, the district, or any political
17 subdivision of the State or district other than the Panel or
18 (ii) a pledge of the full faith and credit of the State, the
19 district, or any political subdivision of the State or district
20 other than the Panel but shall be payable solely from the funds
21 and revenues provided for in this Article. The issuance of
22 obligations shall not directly, indirectly, or contingently
23 obligate the State, the district, or any political subdivision
24 of the State or district other than the Panel to levy any form
25 of taxation therefor or to make any appropriation for their

1 payment. Nothing in this Section shall prevent or be construed
2 to prevent the Panel from pledging its full faith and credit to
3 the payment of obligations. Nothing in this Article shall be
4 construed to authorize the Panel to create a debt of the State
5 or the district within the meaning of the Constitution or laws
6 of Illinois, and all obligations issued by the Panel pursuant
7 to the provisions of this Article are payable and shall state
8 that they are payable solely from the funds and revenues
9 pledged for their payment in accordance with the resolution
10 authorizing their issuance or any trust indenture executed as
11 security therefor. The State or the district shall not in any
12 event be liable for the payment of the principal of or interest
13 on any obligations of the Panel or for the performance of any
14 pledge, obligation, or agreement of any kind whatsoever that
15 may be undertaken by the Panel. No breach of any such pledge,
16 obligation, or agreement may impose any liability upon the
17 State or the district or any charge upon their general credit
18 or against their taxing power.

19 (105 ILCS 5/1H-85 new)

20 Sec. 1H-85. Obligations as legal investments. The
21 obligations issued under the provisions of this Article are
22 hereby made securities in which all public officers and bodies
23 of this State, all political subdivisions of this State, all
24 persons carrying on an insurance business, all banks, bankers,
25 trust companies, savings banks, and savings associations

1 (including savings and loan associations, building and loan
2 associations, investment companies, and other persons carrying
3 on a banking business), and all credit unions, pension funds,
4 administrators, and guardians who are or may be authorized to
5 invest in bonds or in other obligations of the State may
6 properly and legally invest funds, including capital, in their
7 control or belonging to them. The obligations are also hereby
8 made securities that may be deposited with and may be received
9 by all public officers and bodies of the State, all political
10 subdivisions of the State, and public corporations for any
11 purpose for which the deposit of bonds or other obligations of
12 the State is authorized.

13 (105 ILCS 5/1H-90 new)

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

1 annual report of the Panel.

2 (105 ILCS 5/1H-95 new)

3 Sec. 1H-95. Audit of Panel. The State Superintendent may
4 require a separate audit of the Panel, otherwise the activities
5 of the Panel must be included in the scope of the audit of the
6 school district. A copy of the audit report covering the Panel
7 must be submitted to the State Superintendent.

8 (105 ILCS 5/1H-100 new)

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

22 (105 ILCS 5/1H-105 new)

23 Sec. 1H-105. Property of Panel exempt from taxation. The

1 property of the Panel is exempt from taxation.

2 (105 ILCS 5/1H-110 new)

3 Sec. 1H-110. Sanctions.

4 (a) No member, officer, employee, or agent of the district
5 may commit the district to any contract or other obligation or
6 incur any liability on behalf of the district for any purpose
7 if the amount of the contract, obligation, or liability is in
8 excess of the amount authorized for that purpose then available
9 under the financial plan and budget then in effect.

10 (b) No member, officer, employee, or agent of the district
11 may commit the district to any contract or other obligation on
12 behalf of the district for the payment of money for any purpose
13 required to be approved by the Panel unless the contract or
14 other obligation has been approved by the Panel.

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

23 (d) In addition to any penalty or liability under any other
24 law, any member, officer, employee, or agent of the district
25 who violates subsection (a), (b), or (c) of this Section is

1 subject to appropriate administrative discipline as may be
2 imposed by the Panel, including, if warranted, suspension from
3 duty without pay, removal from office, or termination of
4 employment.

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

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

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

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

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

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

20 (c) The panel of a district that otherwise meets all of the
21 requirements for abolition of a Panel under subsection (b) of
22 this Section except for the fact that there are outstanding
23 financial obligations of the Panel may petition the State Board
24 for reinstatement of all of the school boards powers and duties
25 assumed by the Panel; and if approved by the State Board, then:

1 (1) the panel shall continue in operation, but its
2 powers and duties shall be limited to those necessary to
3 manage and administer its outstanding obligations;

4 (2) the school board shall once again begin exercising
5 all of the powers and duties otherwise allowed by statute;
6 and

7 (3) the Panel shall be abolished as provided in
8 subsection (a) of this Section.

9 (d) If the Panel of a district that otherwise meets all of
10 the requirements for abolition of a Panel under subsection (b)
11 of this Section, except for outstanding obligations of the
12 Panel; then the district may petition the State board for
13 abolition of the Panel if the district:

14 (1) establishes an irrevocable trust fund, the purpose
15 of which is to provide moneys to defease the outstanding
16 obligations of the Panel; and

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

19 A district with a Panel that falls under these provisions
20 shall be abolished as provided in subsection (a) of this
21 Section.

22 (105 ILCS 5/1H-120 new)

23 Sec. 1H-120. Indemnification; legal representation;
24 limitations of actions after abolition.

25 (a) The Panel may indemnify any member, officer, employee,

1 or agent who was or is a party or is threatened to be made a
2 party to any threatened, pending, or completed action, suit, or
3 proceeding, whether civil, criminal, administrative, or
4 investigative, by reason of the fact that he or she was a
5 member, officer, employee, or agent of the Panel, against
6 expenses (including attorney's fees, judgments, fines, and
7 amounts paid in settlement actually and reasonably incurred by
8 him or her in connection with the action, suit, or proceeding)
9 if he or she acted in good faith and in a manner that he or she
10 reasonably believed to be in or not opposed to the best
11 interests of the Panel and, with respect to any criminal action
12 or proceeding, had no reasonable cause to believe his or her
13 conduct was unlawful. The termination of any action, suit, or
14 proceeding by judgment, order, settlement, or conviction or
15 upon a plea of nolo contendere or its equivalent, shall not, of
16 itself, create a presumption that the person did not act in
17 good faith in a manner that he or she reasonably believed to be
18 in or not opposed to the best interests of the Panel and, with
19 respect to any criminal action or proceeding, had reasonable
20 cause to believe that his or her conduct was unlawful.

21 To the extent that a member, officer, employee, or agent of
22 the Panel has been successful, on the merits or otherwise, in
23 the defense of any such action, suit, or proceeding referred to
24 in this subsection (b) or in defense of any claim, issue, or
25 matter therein, he or she shall be indemnified against
26 expenses, including attorney's fees, actually and reasonably

1 incurred by him or her in connection therewith. Any such
2 indemnification shall be made by the Panel only as authorized
3 in the specific case, upon a determination that indemnification
4 of the member, officer, employee, or agent is proper in the
5 circumstances because he or she has met the applicable standard
6 of conduct. The determination shall be made (i) by the Panel by
7 a majority vote of a quorum consisting of members who are not
8 parties to the action, suit, or proceeding or (ii) if such a
9 quorum is not obtainable or, even if obtainable, a quorum of
10 disinterested members so directs, by independent legal counsel
11 in a written opinion.

12 Reasonable expenses incurred in defending an action, suit,
13 or proceeding shall be paid by the Panel in advance of the
14 final disposition of the action, suit, or proceeding, as
15 authorized by the Panel in the specific case, upon receipt of
16 an undertaking by or on behalf of the member, officer,
17 employee, or agent to repay the amount, unless it is ultimately
18 determined that he or she is entitled to be indemnified by the
19 Panel as authorized in this Section.

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

23 The right to indemnification accorded by this Section shall
24 not limit any other right to indemnification to which the
25 member, officer, employee, or agent may be entitled. Any rights
26 under this Section shall inure to the benefit of the heirs,

1 executors, and administrators of any member, officer,
2 employee, or agent of the Panel.

3 The Panel may purchase and maintain insurance on behalf of
4 any person who is or was a member, officer, employee, or agent
5 of the Panel against any liability asserted against him or her
6 and incurred by him or her in any such capacity or arising out
7 of his or her status as such, whether or not the Panel could
8 have the power to indemnify him or her against liability under
9 the provisions of this Section.

10 (b) The Panel shall be considered a State agency for
11 purposes of receiving representation by the Attorney General.
12 Members, officers, employees, and agents of the Panel shall be
13 entitled to representation and indemnification under the State
14 Employee Indemnification Act.

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

21 (105 ILCS 5/8-6) (from Ch. 122, par. 8-6)

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

23 The school treasurer shall have custody of the school funds
24 and shall keep in a cash book separate cash balances. In the
25 cash book he shall enter in separate accounts the balance,

1 total of all moneys received in each fund, and the total of the
2 orders countersigned or checks signed with respect to each fund
3 and extend the balances and the aggregate cash balance for all
4 funds balance at least monthly. The treasurer ~~and~~ shall
5 reconcile such balances ~~balance~~ with the accounting or
6 bookkeeping department of the district in conformity with a
7 template provided by the State Board of Education monthly.
8 School districts on the financial watch or warning list that
9 are required to submit deficit reduction plans in accordance
10 with Section 17-1 of this Code or that are certified in
11 financial difficulty in accordance with Section 1-A8 of this
12 Code must transmit the cash balances as required pursuant to
13 this Section 8-6 of this Code to the State Board of Education
14 quarterly from the Treasurer.

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

16 (105 ILCS 5/10-16.9 new)

17 Sec. 10-16.9. Bank reconciliation reports. School
18 districts on the financial watch or warning list that are
19 required to submit deficit reduction plans pursuant to Section
20 17-1 of this Code or that are certified in financial difficulty
21 must transmit the bank reconciliation reports from the school
22 treasurer as required pursuant to Section 8-6 of this Code to
23 the State Board of Education quarterly. The State Board of
24 Education shall establish the dates by which the reconciliation
25 reports must be submitted and provide a template for those

1 districts to utilize.

2 (105 ILCS 5/10-16.11 new)

3 Sec. 10-16.11. Payment of outstanding obligations of a
4 Financial Oversight Panel. The school board of a district
5 subject to a Financial Oversight Panel pursuant to Article 1H
6 of this Code that, except for the existence of outstanding
7 financial obligations of the Financial Oversight Panel, would
8 be able to seek abolition of the Panel pursuant to Section
9 1H-115 of this Code may: (1) spend surplus district funds in an
10 amount sufficient to liquidate the outstanding obligations of
11 the Financial Oversight Panel or (2) issue funding bonds for
12 such purpose as authorized by Sections 19-8 and 19-9 of this
13 Code.

14 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

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

23 The budget shall be entered upon a School District Budget
24 form prepared and provided by the State Board of Education and

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

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

24 If, as the result of an audit performed in compliance with
25 Section 3-7 of this Code, the resulting Annual Financial Report
26 required to be submitted pursuant to Section 3-15.1 of this

1 Code reflects a deficit as defined for purposes of the
2 preceding paragraph; then the district shall, within 30 days
3 after acceptance of such audit report, submit a deficit
4 reduction plan.

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

23 Such budget shall be prepared in tentative form by some
24 person or persons designated by the board, and in such
25 tentative form shall be made conveniently available to public
26 inspection for at least 30 days prior to final action thereon.

1 At least 1 public hearing shall be held as to such budget prior
2 to final action thereon. Notice of availability for public
3 inspection and of such public hearing shall be given by
4 publication in a newspaper published in such district, at least
5 30 days prior to the time of such hearing. If there is no
6 newspaper published in such district, notice of such public
7 hearing shall be given by posting notices thereof in 5 of the
8 most public places in such district. It shall be the duty of
9 the secretary of such board to make such tentative budget
10 available to public inspection, and to arrange for such public
11 hearing. The board may from time to time make transfers between
12 the various items in any fund not exceeding in the aggregate
13 10% of the total of such fund as set forth in the budget. The
14 board may from time to time amend such budget by the same
15 procedure as is herein provided for its original adoption.

16 Beginning July 1, 1976, the board of education, or regional
17 superintendent, or governing board responsible for the
18 administration of a joint agreement shall, by September 1 of
19 each fiscal year thereafter, adopt an annual budget for the
20 joint agreement in the same manner and subject to the same
21 requirements as are provided in this Section.

22 The State Board of Education shall exercise powers and
23 duties relating to budgets as provided in Section 2-3.27 of
24 this Code and shall require school districts to submit their
25 annual budgets, deficit reduction plans, and other financial
26 information, including revenue and expenditure reports and

1 borrowing and interfund transfer plans, in such form and within
2 the timelines designated by the State Board of Education.

3 By fiscal year 1982 all school districts shall use the
4 Program Budget Accounting System.

5 In the case of a school district receiving emergency State
6 financial assistance under Article 1B, the school board shall
7 also be subject to the requirements established under Article
8 1B with respect to the annual budget.

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

10 (105 ILCS 5/17-11) (from Ch. 122, par. 17-11)

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

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

24 CERTIFICATE OF TAX LEVY

25 We hereby certify that we require the sum of

1 dollars, to be levied as a special tax for transportation
2 purposes and the sum of dollars to be levied as a
3 special tax for educational purposes, and the sum
4 dollars to be levied as a special tax for operations and
5 maintenance purposes, and the sum of to be levied as a
6 special tax for a working cash fund, on the equalized assessed
7 value of the taxable property of our district, for the year
8 (insert year).

9 Signed on (insert date).

10 A B, President

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

12 Dist. No., County

13 (b) A failure by the school board to file the certificate
14 with the county clerk in the time required shall not vitiate
15 the assessment.

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

1 certificate of tax levy for such school district to each county
2 clerk on or before the last Tuesday in December annually.

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

4 (105 ILCS 5/19-8) (from Ch. 122, par. 19-8)

5 Sec. 19-8. Bonds to pay claims. Any school district or
6 non-high district operating under general law or special
7 charter having a population of 500,000 or less is authorized to
8 issue bonds for the purpose of paying orders issued for the
9 wages of teachers, ~~or~~ for the payment of claims against any
10 such district, or for providing funds to effect liquidation or
11 defeasance of the obligations of a Financial Oversight Panel
12 pursuant to the provisions of Section 1H-115 of this Code.

13 Such bonds may be issued in an amount, including existing
14 indebtedness, in excess of any statutory limitation as to debt.

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

16 (105 ILCS 5/19-9) (from Ch. 122, par. 19-9)

17 Sec. 19-9. Resolution to issue bonds - Submission to
18 voters. Before any district as described in Section 19-8 shall
19 avail itself of the provisions of that section the governing
20 body thereof shall examine and consider the several teachers'
21 orders or claims or liabilities of a Financial Oversight Panel
22 established pursuant to Article 1H of the School Code, or any
23 or all of these, ~~or both,~~ proposed to be paid and if it appears
24 that they were authorized and allowed for proper school

1 purposes it shall adopt a resolution so declaring and set forth
2 and describe in detail such teachers' orders and claims and
3 liabilities of a Financial Oversight Panel established
4 pursuant to Article 1H of the School Code and the adoption of
5 the resolution shall establish the validity thereof,
6 notwithstanding the amount of such orders and claims and
7 liabilities of a Financial Oversight Panel established
8 pursuant to Article 1H of the School Code may exceed in whole
9 or in part any applicable statutory debt limit in force at the
10 time the indebtedness evidenced by such orders and claims and
11 liabilities of a Financial Oversight Panel established
12 pursuant to Article 1H of the School Code was incurred. The
13 resolution shall also declare the intention of the district to
14 issue bonds for the purpose of paying such teachers' orders or
15 claims or liabilities of a Financial Oversight Panel
16 established pursuant to Article 1H of the School Code, ~~or both,~~
17 and direct that notice of such intention be published at least
18 once in a newspaper published within the district and if there
19 be no newspaper published within the district then notice shall
20 be published in a newspaper having general circulation within
21 the district. The notice shall set forth (1) the time within
22 which a petition may be filed requesting the submission of the
23 proposition to issue the bonds as hereinafter in this Section
24 provided; (2) the specific number of voters required to sign
25 the petition; and the date of the prospective referendum. The
26 recording officer of the district shall provide a petition form

1 to any individual requesting one. If within 30 days after such
2 publication of such notice a petition is filed with the
3 recording officer of the district, signed by the voters of the
4 district equal to 10% or more of the registered voters of the
5 district requesting that the proposition to issue bonds as
6 authorized by Section 19-8 be submitted to the voters thereof,
7 then the district shall not be authorized to issue bonds as
8 provided by Section 19-8 until the proposition has been
9 submitted to and approved by a majority of the voters voting on
10 the proposition at a regular scheduled election. The board
11 shall certify the proposition to the proper election
12 authorities for submission in accordance with the general
13 election law. If no such petition with the requisite number of
14 signatures is filed within said 30 days, or if any and all
15 petitions filed are invalid, then the district shall thereafter
16 be authorized to issue bonds for the purposes and as provided
17 in Section 19-8.

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

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

21 (115 ILCS 5/2) (from Ch. 48, par. 1702)

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

23 (a) "Educational employer" or "employer" means the
24 governing body of a public school district, including the

1 governing body of a charter school established under Article
2 27A of the School Code or of a contract school or contract
3 turnaround school established under paragraph 30 of Section
4 34-18 of the School Code, combination of public school
5 districts, including the governing body of joint agreements of
6 any type formed by 2 or more school districts, public community
7 college district or State college or university, a
8 subcontractor of instructional services of a school district
9 (other than a school district organized under Article 34 of the
10 School Code), combination of school districts, charter school
11 established under Article 27A of the School Code, or contract
12 school or contract turnaround school established under
13 paragraph 30 of Section 34-18 of the School Code, and any State
14 agency whose major function is providing educational services.
15 "Educational employer" or "employer" does not include (1) a
16 Financial Oversight Panel created pursuant to Section 1A-8 of
17 the School Code due to a district violating a financial plan or
18 (2) an approved nonpublic special education facility that
19 contracts with a school district or combination of school
20 districts to provide special education services pursuant to
21 Section 14-7.02 of the School Code, but does include a School
22 Finance Authority created under Article 1E or 1F of the School
23 Code and a Financial Oversight Panel created under Article 1B
24 or 1H of the School Code. The change made by this amendatory
25 Act of the 96th General Assembly to this paragraph (a) to make
26 clear that the governing body of a charter school is an

1 "educational employer" is declaratory of existing law.

2 (b) "Educational employee" or "employee" means any
3 individual, excluding supervisors, managerial, confidential,
4 short term employees, student, and part-time academic
5 employees of community colleges employed full or part time by
6 an educational employer, but shall not include elected
7 officials and appointees of the Governor with the advice and
8 consent of the Senate, firefighters as defined by subsection
9 (g-1) of Section 3 of the Illinois Public Labor Relations Act,
10 and peace officers employed by a State university. For the
11 purposes of this Act, part-time academic employees of community
12 colleges shall be defined as those employees who provide less
13 than 3 credit hours of instruction per academic semester. In
14 this subsection (b), the term "student" includes graduate
15 students who are research assistants primarily performing
16 duties that involve research or graduate assistants primarily
17 performing duties that are pre-professional, but excludes
18 graduate students who are teaching assistants primarily
19 performing duties that involve the delivery and support of
20 instruction and all other graduate assistants.

21 (c) "Employee organization" or "labor organization" means
22 an organization of any kind in which membership includes
23 educational employees, and which exists for the purpose, in
24 whole or in part, of dealing with employers concerning
25 grievances, employee-employer disputes, wages, rates of pay,
26 hours of employment, or conditions of work, but shall not

1 include any organization which practices discrimination in
2 membership because of race, color, creed, age, gender, national
3 origin or political affiliation.

4 (d) "Exclusive representative" means the labor
5 organization which has been designated by the Illinois
6 Educational Labor Relations Board as the representative of the
7 majority of educational employees in an appropriate unit, or
8 recognized by an educational employer prior to January 1, 1984
9 as the exclusive representative of the employees in an
10 appropriate unit or, after January 1, 1984, recognized by an
11 employer upon evidence that the employee organization has been
12 designated as the exclusive representative by a majority of the
13 employees in an appropriate unit.

14 (e) "Board" means the Illinois Educational Labor Relations
15 Board.

16 (f) "Regional Superintendent" means the regional
17 superintendent of schools provided for in Articles 3 and 3A of
18 The School Code.

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

1 devote a preponderance of their employment time to such
2 exercising authority.

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

5 (i) "Person" includes an individual, educational employee,
6 educational employer, legal representative, or employee
7 organization.

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

10 (k) "Professional employee" means, in the case of a public
11 community college, State college or university, State agency
12 whose major function is providing educational services, the
13 Illinois School for the Deaf, and the Illinois School for the
14 Visually Impaired, (1) any employee engaged in work (i)
15 predominantly intellectual and varied in character as opposed
16 to routine mental, manual, mechanical, or physical work; (ii)
17 involving the consistent exercise of discretion and judgment in
18 its performance; (iii) of such character that the output
19 produced or the result accomplished cannot be standardized in
20 relation to a given period of time; and (iv) requiring
21 knowledge of an advanced type in a field of science or learning
22 customarily acquired by a prolonged course of specialized
23 intellectual instruction and study in an institution of higher
24 learning or a hospital, as distinguished from a general
25 academic education or from an apprenticeship or from training
26 in the performance of routine mental, manual, or physical

1 processes; or (2) any employee, who (i) has completed the
2 courses of specialized intellectual instruction and study
3 described in clause (iv) of paragraph (1) of this subsection,
4 and (ii) is performing related work under the supervision of a
5 professional person to qualify himself or herself to become a
6 professional as defined in paragraph (1).

7 (l) "Professional employee" means, in the case of any
8 public school district, or combination of school districts
9 pursuant to joint agreement, any employee who has a certificate
10 issued under Article 21 or Section 34-83 of the School Code, as
11 now or hereafter amended.

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

14 (n) "Confidential employee" means an employee, who (i) in
15 the regular course of his or her duties, assists and acts in a
16 confidential capacity to persons who formulate, determine and
17 effectuate management policies with regard to labor relations
18 or who (ii) in the regular course of his or her duties has
19 access to information relating to the effectuation or review of
20 the employer's collective bargaining policies.

21 (o) "Managerial employee" means an individual who is
22 engaged predominantly in executive and management functions
23 and is charged with the responsibility of directing the
24 effectuation of such management policies and practices.

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

1 (q) "Short-term employee" is an employee who is employed
2 for less than 2 consecutive calendar quarters during a calendar
3 year and who does not have a reasonable expectation that he or
4 she will be rehired by the same employer for the same service
5 in a subsequent calendar year. Nothing in this subsection shall
6 affect the employee status of individuals who were covered by a
7 collective bargaining agreement on the effective date of this
8 amendatory Act of 1991.

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

10 Section 99. Effective date. This Act takes effect upon
11 becoming law."