



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1043

by Rep. Eddie Lee Jackson, Sr. - Jay Hoffman

SYNOPSIS AS INTRODUCED:

See Index

Amends the School Code. Includes among the purposes for which moneys in the School District Emergency Financial Assistance Fund may be appropriated to the Illinois Finance Authority and the State Board of Education those purposes authorized under the provision concerning State interventions. Provides that the appropriation may be allocated and expended by the State Board for contractual services to provide technical assistance or consultation to school districts to assess their financial condition and to Financial Oversight Panels that petition for emergency financial assistance grants and as necessary to fulfill the goals and obligations of an intergovernmental agreement between a school district and the State Board of Education for management oversight or an independent authority under the provision concerning State interventions (instead of just to provide technical assistance or consultation to school districts to assess their financial condition and to Financial Oversight Panels that petition for emergency financial assistance grants). Makes corresponding changes. Provides that an emergency financial assistance grant shall not exceed \$2,000 (instead of \$1,000) times the number of certain pupils. In the provision concerning State interventions, includes among the possible actions that the State Board of Education shall take, if after 3 years following its placement on academic watch status a school district or school remains on academic watch status, entering into an intergovernmental agreement, pursuant to the Intergovernmental Cooperation Act and the Constitution of the State of Illinois, with the school board for the school district or school for management oversight of the planning and operations of the school district or school by the State Board of Education. Makes other changes. Effective immediately.

LRB098 07996 NHT 38086 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

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

4 Section 5. The School Code is amended by changing Sections
5 1B-8 and 2-3.25f as follows:

6 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

7 Sec. 1B-8. There is created in the State Treasury a special
8 fund to be known as the School District Emergency Financial
9 Assistance Fund (the "Fund"). The School District Emergency
10 Financial Assistance Fund shall consist of appropriations,
11 loan repayments, grants from the federal government, and
12 donations from any public or private source. Moneys in the Fund
13 may be appropriated only to the Illinois Finance Authority and
14 the State Board for those purposes authorized under this
15 Article and Articles 1F and 1H and Section 2-3.25f of this
16 Code. The appropriation may be allocated and expended by the
17 State Board for contractual services to provide technical
18 assistance or consultation to school districts to assess their
19 financial condition and to Financial Oversight Panels that
20 petition for emergency financial assistance grants and as
21 necessary to fulfill the goals and obligations of an
22 intergovernmental agreement between a school district and the
23 State Board of Education for management oversight or an

1 independent authority under Section 2-3.25f of this Code. The
2 Illinois Finance Authority may provide loans to school
3 districts which are the subject of an approved petition for
4 emergency financial assistance under Section 1B-4, 1F-62, ~~or~~
5 1H-65, or 2-3.25f of this Code. Neither the State Board of
6 Education nor the Illinois Finance Authority may collect any
7 fees for providing these services.

8 From the amount allocated to each such school district
9 under this Article the State Board shall identify a sum
10 sufficient to cover all approved costs of the Financial
11 Oversight Panel or intergovernmental agreement between a
12 school district and the State Board of Education for management
13 oversight or an independent authority established for the
14 respective school district. If the State Board and State
15 Superintendent of Education have not approved emergency
16 financial assistance in conjunction with the appointment of a
17 Financial Oversight Panel or the entry into an
18 intergovernmental agreement between a school district and the
19 State Board of Education for management oversight or an
20 independent authority, the ~~Panel's~~ approved costs shall be paid
21 from deductions from the district's general State aid.

22 The Financial Oversight Panel or a school board that has
23 entered into an intergovernmental agreement between the school
24 district and the State Board of Education for management
25 oversight or an independent authority may prepare and file with
26 the State Superintendent a proposal for emergency financial

1 assistance for the school district and for its operations
2 budget. No expenditures from the Fund shall be authorized by
3 the State Superintendent until he or she has approved the
4 request of the Panel or the school board, either as submitted
5 or in such lesser amount determined by the State
6 Superintendent.

7 The maximum amount of an emergency financial assistance
8 loan which may be allocated to any school district under this
9 Article, including moneys necessary for the operations of any
10 Financial Oversight ~~the~~ Panel, shall not exceed \$4,000 times
11 the number of pupils enrolled in the school district during the
12 school year ending June 30 prior to the date of approval by the
13 State Board of the petition for emergency financial assistance,
14 as certified to the school ~~local~~ board or ~~and~~ the Panel or both
15 by the State Superintendent. An emergency financial assistance
16 grant shall not exceed \$2,000 ~~\$1,000~~ times the number of such
17 pupils. A school district may receive both a loan and a grant.

18 The payment of an emergency State financial assistance
19 grant or loan shall be subject to appropriation by the General
20 Assembly. Payment of the emergency State financial assistance
21 loan is subject to the applicable provisions of the Illinois
22 Finance Authority Act. Emergency State financial assistance
23 allocated and paid to a school district under this Article may
24 be applied to any fund or funds from which the local board of
25 education of that district is authorized to make expenditures
26 by law.

1 Any emergency financial assistance grant proposed by the
2 Financial Oversight Panel or the school board that has entered
3 into an intergovernmental agreement between the school
4 district and the State Board of Education for management
5 oversight or an independent authority and approved by the State
6 Superintendent may be paid in its entirety during the initial
7 year of the Panel's existence or the term of the
8 intergovernmental agreement between the school district and
9 the State Board of Education for management oversight or an
10 independent authority or spread in equal or declining amounts
11 over a period of years not to exceed the period of the Panel's
12 existence or the term of the intergovernmental agreement
13 between the school district and the State Board of Education
14 for management oversight or an independent authority. An
15 emergency financial assistance loan proposed by the Financial
16 Oversight Panel or the school board that has entered into an
17 intergovernmental agreement between the school district and
18 the State Board of Education for management oversight or an
19 independent authority and approved by the Illinois Finance
20 Authority may be paid in its entirety during the initial year
21 of the Panel's existence or the term of the intergovernmental
22 agreement between the school district and the State Board of
23 Education for management oversight or an independent authority
24 or spread in equal or declining amounts over a period of years
25 not to exceed the period of the Panel's existence or the term
26 of the intergovernmental agreement between the school district

1 and the State Board of Education for management oversight or an
2 independent authority. All loans made by the Illinois Finance
3 Authority for a school district shall be required to be repaid,
4 with simple interest over the term of the loan at a rate equal
5 to 50% of the one-year Constant Maturity Treasury (CMT) yield
6 as last published by the Board of Governors of the Federal
7 Reserve System before the date on which the district's loan is
8 approved by the Illinois Finance Authority, not later than the
9 date the Financial Oversight Panel ceases to exist or the
10 expiration of the intergovernmental agreement between the
11 school district and the State Board of Education for management
12 oversight or an independent authority. The Panel or the school
13 board that has entered into an intergovernmental agreement
14 between the school district and the State Board of Education
15 for management oversight or an independent authority shall
16 establish and the Illinois Finance Authority shall approve the
17 terms and conditions, including the schedule, of repayments.
18 The schedule shall provide for repayments commencing July 1 of
19 each year or upon each fiscal year's receipt of moneys from a
20 tax levy for emergency financial assistance. Repayment shall be
21 incorporated into the annual budget of the school district and
22 may be made from any fund or funds of the district in which
23 there are moneys available. An emergency financial assistance
24 loan to the Panel or school district shall not be considered
25 part of the calculation of a school district's debt for
26 purposes of the limitation specified in Section 19-1 of this

1 Code. Default on repayment is subject to the Illinois Grant
2 Funds Recovery Act. When moneys are repaid as provided herein
3 they shall not be made available to the school ~~local~~ board for
4 further use as emergency financial assistance under this
5 Article at any time thereafter. All repayments required to be
6 made by a school district shall be received by the State Board
7 and deposited in the School District Emergency Financial
8 Assistance Fund.

9 In establishing the terms and conditions for the repayment
10 obligation of the school district, the Panel or the school
11 board that has entered into an intergovernmental agreement
12 between the school district and the State Board of Education
13 for management oversight or an independent authority shall
14 annually determine whether a separate local property tax levy
15 is required. The school board of any school district with a tax
16 rate for educational purposes for the prior year of less than
17 120% of the maximum rate for educational purposes authorized by
18 Section 17-2 shall provide for a separate tax levy for
19 emergency financial assistance repayment purposes. Such tax
20 levy shall not be subject to referendum approval. The amount of
21 the levy shall be equal to the amount necessary to meet the
22 annual repayment obligations of the school district as
23 established by the Panel or the school board that has entered
24 into an intergovernmental agreement between the school
25 district and the State Board of Education for management
26 oversight or an independent authority, or 20% of the amount

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

6 (Source: P.A. 97-429, eff. 8-16-11.)

7 (105 ILCS 5/2-3.25f) (from Ch. 122, par. 2-3.25f)

8 Sec. 2-3.25f. State interventions.

9 (a) The State Board of Education shall provide technical
10 assistance to assist with the development and implementation of
11 School and District Improvement Plans.

12 Schools or school districts that fail to make reasonable
13 efforts to implement an approved Improvement Plan may suffer
14 loss of State funds by school district, attendance center, or
15 program as the State Board of Education deems appropriate.

16 (a-5) In this subsection (a-5), "school" means any of the
17 following named public schools or their successor name:

18 (1) Dirksen Middle School in Dolton School District
19 149.

20 (2) Diekman Elementary School in Dolton School
21 District 149.

22 (3) Caroline Sibley Elementary School in Dolton School
23 District 149.

24 (4) Berger-Vandenberg Elementary School in Dolton
25 School District 149.

1 (5) Carol Moseley Braun School in Dolton School
2 District 149.

3 (6) New Beginnings Learning Academy in Dolton School
4 District 149.

5 (7) McKinley Junior High School in South Holland School
6 District 150.

7 (8) Greenwood Elementary School in South Holland
8 School District 150.

9 (9) McKinley Elementary School in South Holland School
10 District 150.

11 (10) Eisenhower School in South Holland School
12 District 151.

13 (11) Madison School in South Holland School District
14 151.

15 (12) Taft School in South Holland School District 151.

16 (13) Wolcott School in Thornton School District 154.

17 (14) Memorial Junior High School in Lansing School
18 District 158.

19 (15) Oak Glen Elementary School in Lansing School
20 District 158.

21 (16) Lester Crawl Primary Center in Lansing School
22 District 158.

23 (17) Brookwood Junior High School in Brookwood School
24 District 167.

25 (18) Brookwood Middle School in Brookwood School
26 District 167.

1 (19) Hickory Bend Elementary School in Brookwood
2 School District 167.

3 (20) Medgar Evers Primary Academic Center in Ford
4 Heights School District 169.

5 (21) Nathan Hale Elementary School in Sunnybrook
6 School District 171.

7 (22) Ira F. Aldridge Elementary School in City of
8 Chicago School District 299.

9 (23) William E.B. DuBois Elementary School in City of
10 Chicago School District 299.

11 If, after 2 years following its placement on academic watch
12 status, a school remains on academic watch status, then,
13 subject to federal appropriation money being available, the
14 State Board of Education shall allow the school board to opt in
15 the process of operating that school on a pilot full-year
16 school plan approved by the State Board of Education upon
17 expiration of its teachers' current collective bargaining
18 agreement until the expiration of the next collective
19 bargaining agreement. A school board must notify the State
20 Board of Education of its intent to opt in the process of
21 operating a school on a pilot full-year school plan.

22 (b) In addition, if after 3 years following its placement
23 on academic watch status a school district or school remains on
24 academic watch status, the State Board of Education shall take
25 one of the following actions for the district or school:

26 (1) The State Board of Education may authorize the

1 State Superintendent of Education to direct the regional
2 superintendent of schools to remove school board members
3 pursuant to Section 3-14.28 of this Code. Prior to such
4 direction the State Board of Education shall permit members
5 of the local board of education to present written and oral
6 comments to the State Board of Education. The State Board
7 of Education may direct the State Superintendent of
8 Education to appoint an Independent Authority that shall
9 exercise such powers and duties as may be necessary to
10 operate a school or school district for purposes of
11 improving pupil performance and school improvement. The
12 State Superintendent of Education shall designate one
13 member of the Independent Authority to serve as chairman.
14 The Independent Authority shall serve for a period of time
15 specified by the State Board of Education upon the
16 recommendation of the State Superintendent of Education.

17 (2) The State Board of Education may (A) change the
18 recognition status of the school district or school to
19 nonrecognized, or (B) authorize the State Superintendent
20 of Education to direct the reassignment of pupils or direct
21 the reassignment or replacement of school district
22 personnel who are relevant to the failure to meet adequate
23 yearly progress criteria. If a school district is
24 nonrecognized in its entirety, it shall automatically be
25 dissolved on July 1 following that nonrecognition and its
26 territory realigned with another school district or

1 districts by the regional board of school trustees in
2 accordance with the procedures set forth in Section 7-11 of
3 the School Code. The effective date of the nonrecognition
4 of a school shall be July 1 following the nonrecognition.

5 (3) The State Board of Education may enter into an
6 intergovernmental agreement, pursuant to the
7 Intergovernmental Cooperation Act and the Constitution of
8 the State of Illinois, with the school board for the school
9 district or school for management oversight of the planning
10 and operations of the school district or school by the
11 State Board of Education. A school board that enters into
12 an intergovernmental agreement with the State Board of
13 Education under this paragraph (3) may prepare and file
14 with the State Superintendent of Education a proposal for
15 emergency financial assistance for the school district in
16 accordance with Section 1B-8 of this Code. A school
17 district may receive both a loan and a grant.

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

21 (Source: P.A. 97-370, eff. 1-1-12.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.

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2

Statutes amended in order of appearance

3

105 ILCS 5/1B-8

from Ch. 122, par. 1B-8

4

105 ILCS 5/2-3.25f

from Ch. 122, par. 2-3.25f