



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

**HB4492**

by Rep. Norine Hammond

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/11E-135

Amends the Conversion and Formation of School Districts Article of the School Code. Requires the General Assembly to appropriate a sufficient amount each fiscal year to fully fund the payments required to be made under a Section concerning incentives. Effective immediately.

LRB098 17376 NHT 52474 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 Section  
5 11E-135 as follows:

6 (105 ILCS 5/11E-135)

7 Sec. 11E-135. Incentives. For districts reorganizing under  
8 this Article and for a district or districts that annex all of  
9 the territory of one or more entire other school districts in  
10 accordance with Article 7 of this Code, the following payments  
11 shall be made from appropriations made for these purposes and  
12 the General Assembly must appropriate a sufficient amount each  
13 fiscal year to fully fund these payments:

14 (a) (1) For a combined school district, as defined in  
15 Section 11E-20 of this Code, or for a unit district, as defined  
16 in Section 11E-25 of this Code, for its first year of  
17 existence, the general State aid and supplemental general State  
18 aid calculated under Section 18-8.05 of this Code shall be  
19 computed for the new district and for the previously existing  
20 districts for which property is totally included within the new  
21 district. If the computation on the basis of the previously  
22 existing districts is greater, a supplementary payment equal to  
23 the difference shall be made for the first 4 years of existence

1 of the new district.

2 (2) For a school district that annexes all of the territory  
3 of one or more entire other school districts as defined in  
4 Article 7 of this Code, for the first year during which the  
5 change of boundaries attributable to the annexation becomes  
6 effective for all purposes, as determined under Section 7-9 of  
7 this Code, the general State aid and supplemental general State  
8 aid calculated under Section 18-8.05 of this Code shall be  
9 computed for the annexing district as constituted after the  
10 annexation and for the annexing and each annexed district as  
11 constituted prior to the annexation; and if the computation on  
12 the basis of the annexing and annexed districts as constituted  
13 prior to the annexation is greater, then a supplementary  
14 payment equal to the difference shall be made for the first 4  
15 years of existence of the annexing school district as  
16 constituted upon the annexation.

17 (3) For 2 or more school districts that annex all of the  
18 territory of one or more entire other school districts, as  
19 defined in Article 7 of this Code, for the first year during  
20 which the change of boundaries attributable to the annexation  
21 becomes effective for all purposes, as determined under Section  
22 7-9 of this Code, the general State aid and supplemental  
23 general State aid calculated under Section 18-8.05 of this Code  
24 shall be computed for each annexing district as constituted  
25 after the annexation and for each annexing and annexed district  
26 as constituted prior to the annexation; and if the aggregate of

1 the general State aid and supplemental general State aid as so  
2 computed for the annexing districts as constituted after the  
3 annexation is less than the aggregate of the general State aid  
4 and supplemental general State aid as so computed for the  
5 annexing and annexed districts, as constituted prior to the  
6 annexation, then a supplementary payment equal to the  
7 difference shall be made and allocated between or among the  
8 annexing districts, as constituted upon the annexation, for the  
9 first 4 years of their existence. The total difference payment  
10 shall be allocated between or among the annexing districts in  
11 the same ratio as the pupil enrollment from that portion of the  
12 annexed district or districts that is annexed to each annexing  
13 district bears to the total pupil enrollment from the entire  
14 annexed district or districts, as such pupil enrollment is  
15 determined for the school year last ending prior to the date  
16 when the change of boundaries attributable to the annexation  
17 becomes effective for all purposes. The amount of the total  
18 difference payment and the amount thereof to be allocated to  
19 the annexing districts shall be computed by the State Board of  
20 Education on the basis of pupil enrollment and other data that  
21 shall be certified to the State Board of Education, on forms  
22 that it shall provide for that purpose, by the regional  
23 superintendent of schools for each educational service region  
24 in which the annexing and annexed districts are located.

25 (4) For a school district conversion, as defined in Section  
26 11E-15 of this Code, or a multi-unit conversion, as defined in

1 subsection (b) of Section 11E-30 of this Code, if in their  
2 first year of existence the newly created elementary districts  
3 and the newly created high school district, from a school  
4 district conversion, or the newly created elementary district  
5 or districts and newly created combined high school - unit  
6 district, from a multi-unit conversion, qualify for less  
7 general State aid under Section 18-8.05 of this Code than would  
8 have been payable under Section 18-8.05 for that same year to  
9 the previously existing districts, then a supplementary  
10 payment equal to that difference shall be made for the first 4  
11 years of existence of the newly created districts. The  
12 aggregate amount of each supplementary payment shall be  
13 allocated among the newly created districts in the proportion  
14 that the deemed pupil enrollment in each district during its  
15 first year of existence bears to the actual aggregate pupil  
16 enrollment in all of the districts during their first year of  
17 existence. For purposes of each allocation:

18 (A) the deemed pupil enrollment of the newly created  
19 high school district from a school district conversion  
20 shall be an amount equal to its actual pupil enrollment for  
21 its first year of existence multiplied by 1.25;

22 (B) the deemed pupil enrollment of each newly created  
23 elementary district from a school district conversion  
24 shall be an amount equal to its actual pupil enrollment for  
25 its first year of existence reduced by an amount equal to  
26 the product obtained when the amount by which the newly

1 created high school district's deemed pupil enrollment  
2 exceeds its actual pupil enrollment for its first year of  
3 existence is multiplied by a fraction, the numerator of  
4 which is the actual pupil enrollment of the newly created  
5 elementary district for its first year of existence and the  
6 denominator of which is the actual aggregate pupil  
7 enrollment of all of the newly created elementary districts  
8 for their first year of existence;

9 (C) the deemed high school pupil enrollment of the  
10 newly created combined high school -unit district from a  
11 multi-unit conversion shall be an amount equal to its  
12 actual grades 9 through 12 pupil enrollment for its first  
13 year of existence multiplied by 1.25; and

14 (D) the deemed elementary pupil enrollment of each  
15 newly created district from a multi-unit conversion shall  
16 be an amount equal to each district's actual grade K  
17 through 8 pupil enrollment for its first year of existence,  
18 reduced by an amount equal to the product obtained when the  
19 amount by which the newly created combined high school -  
20 unit district's deemed high school pupil enrollment  
21 exceeds its actual grade 9 through 12 pupil enrollment for  
22 its first year of existence is multiplied by a fraction,  
23 the numerator of which is the actual grade K through 8  
24 pupil enrollment of each newly created district for its  
25 first year of existence and the denominator of which is the  
26 actual aggregate grade K through 8 pupil enrollment of all

1           such newly created districts for their first year of  
2           existence.

3           The aggregate amount of each supplementary payment under  
4           this subdivision (4) and the amount thereof to be allocated to  
5           the newly created districts shall be computed by the State  
6           Board of Education on the basis of pupil enrollment and other  
7           data, which shall be certified to the State Board of Education,  
8           on forms that it shall provide for that purpose, by the  
9           regional superintendent of schools for each educational  
10          service region in which the newly created districts are  
11          located.

12          (5) For a partial elementary unit district, as defined in  
13          subsection (a) or (c) of Section 11E-30 of this Code, if, in  
14          the first year of existence, the newly created partial  
15          elementary unit district qualifies for less general State aid  
16          and supplemental general State aid under Section 18-8.05 of  
17          this Code than would have been payable under that Section for  
18          that same year to the previously existing districts that formed  
19          the partial elementary unit district, then a supplementary  
20          payment equal to that difference shall be made to the partial  
21          elementary unit district for the first 4 years of existence of  
22          that newly created district.

23          (6) For an elementary opt-in, as described in subsection  
24          (d) of Section 11E-30 of this Code, the general State aid  
25          difference shall be computed in accordance with paragraph (5)  
26          of this subsection (a) as if the elementary opt-in was included

1 in an optional elementary unit district at the optional  
2 elementary unit district's original effective date. If the  
3 calculation in this paragraph (6) is less than that calculated  
4 in paragraph (5) of this subsection (a) at the optional  
5 elementary unit district's original effective date, then no  
6 adjustments may be made. If the calculation in this paragraph  
7 (6) is more than that calculated in paragraph (5) of this  
8 subsection (a) at the optional elementary unit district's  
9 original effective date, then the excess must be paid as  
10 follows:

11 (A) If the effective date for the elementary opt-in is  
12 one year after the effective date for the optional  
13 elementary unit district, 100% of the calculated excess  
14 shall be paid to the optional elementary unit district in  
15 each of the first 4 years after the effective date of the  
16 elementary opt-in.

17 (B) If the effective date for the elementary opt-in is  
18 2 years after the effective date for the optional  
19 elementary unit district, 75% of the calculated excess  
20 shall be paid to the optional elementary unit district in  
21 each of the first 4 years after the effective date of the  
22 elementary opt-in.

23 (C) If the effective date for the elementary opt-in is  
24 3 years after the effective date for the optional  
25 elementary unit district, 50% of the calculated excess  
26 shall be paid to the optional elementary unit district in



1 each of the first 4 years after the effective date of the  
2 elementary opt-in.

3 (D) If the effective date for the elementary opt-in is  
4 4 years after the effective date for the optional  
5 elementary unit district, 25% of the calculated excess  
6 shall be paid to the optional elementary unit district in  
7 each of the first 4 years after the effective date of the  
8 elementary opt-in.

9 (E) If the effective date for the elementary opt-in is  
10 5 years after the effective date for the optional  
11 elementary unit district, the optional elementary unit  
12 district is not eligible for any additional incentives due  
13 to the elementary opt-in.

14 (6.5) For a school district that annexes territory detached  
15 from another school district whereby the enrollment of the  
16 annexing district increases by 90% or more as a result of the  
17 annexation, for the first year during which the change of  
18 boundaries attributable to the annexation becomes effective  
19 for all purposes as determined under Section 7-9 of this Code,  
20 the general State aid and supplemental general State aid  
21 calculated under this Section shall be computed for the  
22 district gaining territory and the district losing territory as  
23 constituted after the annexation and for the same districts as  
24 constituted prior to the annexation; and if the aggregate of  
25 the general State aid and supplemental general State aid as so  
26 computed for the district gaining territory and the district

1 losing territory as constituted after the annexation is less  
2 than the aggregate of the general State aid and supplemental  
3 general State aid as so computed for the district gaining  
4 territory and the district losing territory as constituted  
5 prior to the annexation, then a supplementary payment shall be  
6 made to the annexing district for the first 4 years of  
7 existence after the annexation, equal to the difference  
8 multiplied by the ratio of student enrollment in the territory  
9 detached to the total student enrollment in the district losing  
10 territory for the year prior to the effective date of the  
11 annexation. The amount of the total difference and the  
12 proportion paid to the annexing district shall be computed by  
13 the State Board of Education on the basis of pupil enrollment  
14 and other data that must be submitted to the State Board of  
15 Education in accordance with Section 7-14A of this Code. The  
16 changes to this Section made by Public Act 95-707 are intended  
17 to be retroactive and applicable to any annexation taking  
18 effect on or after July 1, 2004. For annexations that are  
19 eligible for payments under this paragraph (6.5) and that are  
20 effective on or after July 1, 2004, but before January 11, 2008  
21 (the effective date of Public Act 95-707), the first required  
22 yearly payment under this paragraph (6.5) shall be paid in the  
23 fiscal year of January 11, 2008 (the effective date of Public  
24 Act 95-707). Subsequent required yearly payments shall be paid  
25 in subsequent fiscal years until the payment obligation under  
26 this paragraph (6.5) is complete.

1           (7) Claims for financial assistance under this subsection  
2           (a) may not be recomputed except as expressly provided under  
3           Section 18-8.05 of this Code.

4           (8) Any supplementary payment made under this subsection  
5           (a) must be treated as separate from all other payments made  
6           pursuant to Section 18-8.05 of this Code.

7           (b) (1) After the formation of a combined school district,  
8           as defined in Section 11E-20 of this Code, or a unit district,  
9           as defined in Section 11E-25 of this Code, a computation shall  
10          be made to determine the difference between the salaries  
11          effective in each of the previously existing districts on June  
12          30, prior to the creation of the new district. For the first 4  
13          years after the formation of the new district, a supplementary  
14          State aid reimbursement shall be paid to the new district equal  
15          to the difference between the sum of the salaries earned by  
16          each of the certificated members of the new district, while  
17          employed in one of the previously existing districts during the  
18          year immediately preceding the formation of the new district,  
19          and the sum of the salaries those certificated members would  
20          have been paid during the year immediately prior to the  
21          formation of the new district if placed on the salary schedule  
22          of the previously existing district with the highest salary  
23          schedule.

24          (2) After the territory of one or more school districts is  
25          annexed by one or more other school districts as defined in  
26          Article 7 of this Code, a computation shall be made to

1 determine the difference between the salaries effective in each  
2 annexed district and in the annexing district or districts as  
3 they were each constituted on June 30 preceding the date when  
4 the change of boundaries attributable to the annexation became  
5 effective for all purposes, as determined under Section 7-9 of  
6 this Code. For the first 4 years after the annexation, a  
7 supplementary State aid reimbursement shall be paid to each  
8 annexing district as constituted after the annexation equal to  
9 the difference between the sum of the salaries earned by each  
10 of the certificated members of the annexing district as  
11 constituted after the annexation, while employed in an annexed  
12 or annexing district during the year immediately preceding the  
13 annexation, and the sum of the salaries those certificated  
14 members would have been paid during the immediately preceding  
15 year if placed on the salary schedule of whichever of the  
16 annexing or annexed districts had the highest salary schedule  
17 during the immediately preceding year.

18 (3) For each new high school district formed under a school  
19 district conversion, as defined in Section 11E-15 of this Code,  
20 the State shall make a supplementary payment for 4 years equal  
21 to the difference between the sum of the salaries earned by  
22 each certified member of the new high school district, while  
23 employed in one of the previously existing districts, and the  
24 sum of the salaries those certified members would have been  
25 paid if placed on the salary schedule of the previously  
26 existing district with the highest salary schedule.

1           (4) For each newly created partial elementary unit  
2 district, the State shall make a supplementary payment for 4  
3 years equal to the difference between the sum of the salaries  
4 earned by each certified member of the newly created partial  
5 elementary unit district, while employed in one of the  
6 previously existing districts that formed the partial  
7 elementary unit district, and the sum of the salaries those  
8 certified members would have been paid if placed on the salary  
9 schedule of the previously existing district with the highest  
10 salary schedule. The salary schedules used in the calculation  
11 shall be those in effect in the previously existing districts  
12 for the school year prior to the creation of the new partial  
13 elementary unit district.

14           (5) For an elementary district opt-in, as described in  
15 subsection (d) of Section 11E-30 of this Code, the salary  
16 difference incentive shall be computed in accordance with  
17 paragraph (4) of this subsection (b) as if the opted-in  
18 elementary district was included in the optional elementary  
19 unit district at the optional elementary unit district's  
20 original effective date. If the calculation in this paragraph  
21 (5) is less than that calculated in paragraph (4) of this  
22 subsection (b) at the optional elementary unit district's  
23 original effective date, then no adjustments may be made. If  
24 the calculation in this paragraph (5) is more than that  
25 calculated in paragraph (4) of this subsection (b) at the  
26 optional elementary unit district's original effective date,

1 then the excess must be paid as follows:

2 (A) If the effective date for the elementary opt-in is  
3 one year after the effective date for the optional  
4 elementary unit district, 100% of the calculated excess  
5 shall be paid to the optional elementary unit district in  
6 each of the first 4 years after the effective date of the  
7 elementary opt-in.

8 (B) If the effective date for the elementary opt-in is  
9 2 years after the effective date for the optional  
10 elementary unit district, 75% of the calculated excess  
11 shall be paid to the optional elementary unit district in  
12 each of the first 4 years after the effective date of the  
13 elementary opt-in.

14 (C) If the effective date for the elementary opt-in is  
15 3 years after the effective date for the optional  
16 elementary unit district, 50% of the calculated excess  
17 shall be paid to the optional elementary unit district in  
18 each of the first 4 years after the effective date of the  
19 elementary opt-in.

20 (D) If the effective date for the elementary opt-in is  
21 4 years after the effective date for the partial elementary  
22 unit district, 25% of the calculated excess shall be paid  
23 to the optional elementary unit district in each of the  
24 first 4 years after the effective date of the elementary  
25 opt-in.

26 (E) If the effective date for the elementary opt-in is

1           5 years after the effective date for the optional  
2 elementary unit district, the optional elementary unit  
3 district is not eligible for any additional incentives due  
4 to the elementary opt-in.

5           (5.5) After the formation of a cooperative high school by 2  
6 or more school districts under Section 10-22.22c of this Code,  
7 a computation shall be made to determine the difference between  
8 the salaries effective in each of the previously existing high  
9 schools on June 30 prior to the formation of the cooperative  
10 high school. For the first 4 years after the formation of the  
11 cooperative high school, a supplementary State aid  
12 reimbursement shall be paid to the cooperative high school  
13 equal to the difference between the sum of the salaries earned  
14 by each of the certificated members of the cooperative high  
15 school while employed in one of the previously existing high  
16 schools during the year immediately preceding the formation of  
17 the cooperative high school and the sum of the salaries those  
18 certificated members would have been paid during the year  
19 immediately prior to the formation of the cooperative high  
20 school if placed on the salary schedule of the previously  
21 existing high school with the highest salary schedule.

22           (5.10) After the annexation of territory detached from  
23 another school district whereby the enrollment of the annexing  
24 district increases by 90% or more as a result of the  
25 annexation, a computation shall be made to determine the  
26 difference between the salaries effective in the district

1 gaining territory and the district losing territory as they  
2 each were constituted on June 30 preceding the date when the  
3 change of boundaries attributable to the annexation became  
4 effective for all purposes as determined under Section 7-9 of  
5 this Code. For the first 4 years after the annexation, a  
6 supplementary State aid reimbursement shall be paid to the  
7 annexing district equal to the difference between the sum of  
8 the salaries earned by each of the certificated members of the  
9 annexing district as constituted after the annexation while  
10 employed in the district gaining territory or the district  
11 losing territory during the year immediately preceding the  
12 annexation and the sum of the salaries those certificated  
13 members would have been paid during such immediately preceding  
14 year if placed on the salary schedule of whichever of the  
15 district gaining territory or district losing territory had the  
16 highest salary schedule during the immediately preceding year.  
17 To be eligible for supplementary State aid reimbursement under  
18 this Section, the intergovernmental agreement to be submitted  
19 pursuant to Section 7-14A of this Code must show that staff  
20 members were transferred from the control of the district  
21 losing territory to the control of the district gaining  
22 territory in the annexation. The changes to this Section made  
23 by Public Act 95-707 are intended to be retroactive and  
24 applicable to any annexation taking effect on or after July 1,  
25 2004. For annexations that are eligible for payments under this  
26 paragraph (5.10) and that are effective on or after July 1,



1 2004, but before January 11, 2008 (the effective date of Public  
2 Act 95-707), the first required yearly payment under this  
3 paragraph (5.10) shall be paid in the fiscal year of January  
4 11, 2008 (the effective date of Public Act 95-707). Subsequent  
5 required yearly payments shall be paid in subsequent fiscal  
6 years until the payment obligation under this paragraph (5.10)  
7 is complete.

8 (5.15) After the deactivation of a school facility in  
9 accordance with Section 10-22.22b of this Code, a computation  
10 shall be made to determine the difference between the salaries  
11 effective in the sending school district and each receiving  
12 school district on June 30 prior to the deactivation of the  
13 school facility. For the lesser of the first 4 years after the  
14 deactivation of the school facility or the length of the  
15 deactivation agreement, including any renewals of the original  
16 deactivation agreement, a supplementary State aid  
17 reimbursement shall be paid to each receiving district equal to  
18 the difference between the sum of the salaries earned by each  
19 of the certificated members transferred to that receiving  
20 district as a result of the deactivation while employed in the  
21 sending district during the year immediately preceding the  
22 deactivation and the sum of the salaries those certificated  
23 members would have been paid during the year immediately  
24 preceding the deactivation if placed on the salary schedule of  
25 the sending or receiving district with the highest salary  
26 schedule.

1           (6) The supplementary State aid reimbursement under this  
2 subsection (b) shall be treated as separate from all other  
3 payments made pursuant to Section 18-8.05 of this Code. In the  
4 case of the formation of a new district or cooperative high  
5 school or a deactivation, reimbursement shall begin during the  
6 first year of operation of the new district or cooperative high  
7 school or the first year of the deactivation, and in the case  
8 of an annexation of the territory of one or more school  
9 districts by one or more other school districts or the  
10 annexation of territory detached from a school district whereby  
11 the enrollment of the annexing district increases by 90% or  
12 more as a result of the annexation, reimbursement shall begin  
13 during the first year when the change in boundaries  
14 attributable to the annexation becomes effective for all  
15 purposes as determined pursuant to Section 7-9 of this Code,  
16 except that for an annexation of territory detached from a  
17 school district that is effective on or after July 1, 2004, but  
18 before January 11, 2008 (the effective date of Public Act  
19 95-707), whereby the enrollment of the annexing district  
20 increases by 90% or more as a result of the annexation,  
21 reimbursement shall begin during the fiscal year of January 11,  
22 2008 (the effective date of Public Act 95-707). Each year that  
23 the new, annexing, or receiving district or cooperative high  
24 school, as the case may be, is entitled to receive  
25 reimbursement, the number of eligible certified members who are  
26 employed on October 1 in the district or cooperative high

1 school shall be certified to the State Board of Education on  
2 prescribed forms by October 15 and payment shall be made on or  
3 before November 15 of that year.

4 (c) (1) For the first year after the formation of a combined  
5 school district, as defined in Section 11E-20 of this Code or a  
6 unit district, as defined in Section 11E-25 of this Code, a  
7 computation shall be made totaling each previously existing  
8 district's audited fund balances in the educational fund,  
9 working cash fund, operations and maintenance fund, and  
10 transportation fund for the year ending June 30 prior to the  
11 referendum for the creation of the new district. The new  
12 district shall be paid supplementary State aid equal to the sum  
13 of the differences between the deficit of the previously  
14 existing district with the smallest deficit and the deficits of  
15 each of the other previously existing districts.

16 (2) For the first year after the annexation of all of the  
17 territory of one or more entire school districts by another  
18 school district, as defined in Article 7 of this Code,  
19 computations shall be made, for the year ending June 30 prior  
20 to the date that the change of boundaries attributable to the  
21 annexation is allowed by the affirmative decision issued by the  
22 regional board of school trustees under Section 7-6 of this  
23 Code, notwithstanding any effort to seek administrative review  
24 of the decision, totaling the annexing district's and totaling  
25 each annexed district's audited fund balances in their  
26 respective educational, working cash, operations and

1 maintenance, and transportation funds. The annexing district  
2 as constituted after the annexation shall be paid supplementary  
3 State aid equal to the sum of the differences between the  
4 deficit of whichever of the annexing or annexed districts as  
5 constituted prior to the annexation had the smallest deficit  
6 and the deficits of each of the other districts as constituted  
7 prior to the annexation.

8 (3) For the first year after the annexation of all of the  
9 territory of one or more entire school districts by 2 or more  
10 other school districts, as defined by Article 7 of this Code,  
11 computations shall be made, for the year ending June 30 prior  
12 to the date that the change of boundaries attributable to the  
13 annexation is allowed by the affirmative decision of the  
14 regional board of school trustees under Section 7-6 of this  
15 Code, notwithstanding any action for administrative review of  
16 the decision, totaling each annexing and annexed district's  
17 audited fund balances in their respective educational, working  
18 cash, operations and maintenance, and transportation funds.  
19 The annexing districts as constituted after the annexation  
20 shall be paid supplementary State aid, allocated as provided in  
21 this paragraph (3), in an aggregate amount equal to the sum of  
22 the differences between the deficit of whichever of the  
23 annexing or annexed districts as constituted prior to the  
24 annexation had the smallest deficit and the deficits of each of  
25 the other districts as constituted prior to the annexation. The  
26 aggregate amount of the supplementary State aid payable under

1 this paragraph (3) shall be allocated between or among the  
2 annexing districts as follows:

3 (A) the regional superintendent of schools for each  
4 educational service region in which an annexed district is  
5 located prior to the annexation shall certify to the State  
6 Board of Education, on forms that it shall provide for that  
7 purpose, the value of all taxable property in each annexed  
8 district, as last equalized or assessed by the Department  
9 of Revenue prior to the annexation, and the equalized  
10 assessed value of each part of the annexed district that  
11 was annexed to or included as a part of an annexing  
12 district;

13 (B) using equalized assessed values as certified by the  
14 regional superintendent of schools under clause (A) of this  
15 paragraph (3), the combined audited fund balance deficit of  
16 each annexed district as determined under this Section  
17 shall be apportioned between or among the annexing  
18 districts in the same ratio as the equalized assessed value  
19 of that part of the annexed district that was annexed to or  
20 included as a part of an annexing district bears to the  
21 total equalized assessed value of the annexed district; and

22 (C) the aggregate supplementary State aid payment  
23 under this paragraph (3) shall be allocated between or  
24 among, and shall be paid to, the annexing districts in the  
25 same ratio as the sum of the combined audited fund balance  
26 deficit of each annexing district as constituted prior to

1 the annexation, plus all combined audited fund balance  
2 deficit amounts apportioned to that annexing district  
3 under clause (B) of this subsection, bears to the aggregate  
4 of the combined audited fund balance deficits of all of the  
5 annexing and annexed districts as constituted prior to the  
6 annexation.

7 (4) For the new elementary districts and new high school  
8 district formed through a school district conversion, as  
9 defined in Section 11E-15 of this Code or the new elementary  
10 district or districts and new combined high school - unit  
11 district formed through a multi-unit conversion, as defined in  
12 subsection (b) of Section 11E-30 of this Code, a computation  
13 shall be made totaling each previously existing district's  
14 audited fund balances in the educational fund, working cash  
15 fund, operations and maintenance fund, and transportation fund  
16 for the year ending June 30 prior to the referendum  
17 establishing the new districts. In the first year of the new  
18 districts, the State shall make a one-time supplementary  
19 payment equal to the sum of the differences between the deficit  
20 of the previously existing district with the smallest deficit  
21 and the deficits of each of the other previously existing  
22 districts. A district with a combined balance among the 4 funds  
23 that is positive shall be considered to have a deficit of zero.  
24 The supplementary payment shall be allocated among the newly  
25 formed high school and elementary districts in the manner  
26 provided by the petition for the formation of the districts, in

1 the form in which the petition is approved by the regional  
2 superintendent of schools or State Superintendent of Education  
3 under Section 11E-50 of this Code.

4 (5) For each newly created partial elementary unit  
5 district, as defined in subsection (a) or (c) of Section 11E-30  
6 of this Code, a computation shall be made totaling the audited  
7 fund balances of each previously existing district that formed  
8 the new partial elementary unit district in the educational  
9 fund, working cash fund, operations and maintenance fund, and  
10 transportation fund for the year ending June 30 prior to the  
11 referendum for the formation of the partial elementary unit  
12 district. In the first year of the new partial elementary unit  
13 district, the State shall make a one-time supplementary payment  
14 to the new district equal to the sum of the differences between  
15 the deficit of the previously existing district with the  
16 smallest deficit and the deficits of each of the other  
17 previously existing districts. A district with a combined  
18 balance among the 4 funds that is positive shall be considered  
19 to have a deficit of zero.

20 (6) For an elementary opt-in as defined in subsection (d)  
21 of Section 11E-30 of this Code, the deficit fund balance  
22 incentive shall be computed in accordance with paragraph (5) of  
23 this subsection (c) as if the opted-in elementary was included  
24 in the optional elementary unit district at the optional  
25 elementary unit district's original effective date. If the  
26 calculation in this paragraph (6) is less than that calculated

1 in paragraph (5) of this subsection (c) at the optional  
2 elementary unit district's original effective date, then no  
3 adjustments may be made. If the calculation in this paragraph  
4 (6) is more than that calculated in paragraph (5) of this  
5 subsection (c) at the optional elementary unit district's  
6 original effective date, then the excess must be paid as  
7 follows:

8 (A) If the effective date for the elementary opt-in is  
9 one year after the effective date for the optional  
10 elementary unit district, 100% of the calculated excess  
11 shall be paid to the optional elementary unit district in  
12 the first year after the effective date of the elementary  
13 opt-in.

14 (B) If the effective date for the elementary opt-in is  
15 2 years after the effective date for the optional  
16 elementary unit district, 75% of the calculated excess  
17 shall be paid to the optional elementary unit district in  
18 the first year after the effective date of the elementary  
19 opt-in.

20 (C) If the effective date for the elementary opt-in is  
21 3 years after the effective date for the optional  
22 elementary unit district, 50% of the calculated excess  
23 shall be paid to the optional elementary unit district in  
24 the first year after the effective date of the elementary  
25 opt-in.

26 (D) If the effective date for the elementary opt-in is



1           4 years after the effective date for the optional  
2 elementary unit district, 25% of the calculated excess  
3 shall be paid to the optional elementary unit district in  
4 the first year after the effective date of the elementary  
5 opt-in.

6           (E) If the effective date for the elementary opt-in is  
7 5 years after the effective date for the optional  
8 elementary unit district, the optional elementary unit  
9 district is not eligible for any additional incentives due  
10 to the elementary opt-in.

11           (6.5) For the first year after the annexation of territory  
12 detached from another school district whereby the enrollment of  
13 the annexing district increases by 90% or more as a result of  
14 the annexation, a computation shall be made totaling the  
15 audited fund balances of the district gaining territory and the  
16 audited fund balances of the district losing territory in the  
17 educational fund, working cash fund, operations and  
18 maintenance fund, and transportation fund for the year ending  
19 June 30 prior to the date that the change of boundaries  
20 attributable to the annexation is allowed by the affirmative  
21 decision of the regional board of school trustees under Section  
22 7-6 of this Code, notwithstanding any action for administrative  
23 review of the decision. The annexing district as constituted  
24 after the annexation shall be paid supplementary State aid  
25 equal to the difference between the deficit of whichever  
26 district included in this calculation as constituted prior to

1 the annexation had the smallest deficit and the deficit of each  
2 other district included in this calculation as constituted  
3 prior to the annexation, multiplied by the ratio of equalized  
4 assessed value of the territory detached to the total equalized  
5 assessed value of the district losing territory. The regional  
6 superintendent of schools for the educational service region in  
7 which a district losing territory is located prior to the  
8 annexation shall certify to the State Board of Education the  
9 value of all taxable property in the district losing territory  
10 and the value of all taxable property in the territory being  
11 detached, as last equalized or assessed by the Department of  
12 Revenue prior to the annexation. To be eligible for  
13 supplementary State aid reimbursement under this Section, the  
14 intergovernmental agreement to be submitted pursuant to  
15 Section 7-14A of this Code must show that fund balances were  
16 transferred from the district losing territory to the district  
17 gaining territory in the annexation. The changes to this  
18 Section made by Public Act 95-707 are intended to be  
19 retroactive and applicable to any annexation taking effect on  
20 or after July 1, 2004. For annexations that are eligible for  
21 payments under this paragraph (6.5) and that are effective on  
22 or after July 1, 2004, but before January 11, 2008 (the  
23 effective date of Public Act 95-707), the required payment  
24 under this paragraph (6.5) shall be paid in the fiscal year of  
25 January 11, 2008 (the effective date of Public Act 95-707).

26 (7) For purposes of any calculation required under

1 paragraph (1), (2), (3), (4), (5), (6), or (6.5) of this  
2 subsection (c), a district with a combined fund balance that is  
3 positive shall be considered to have a deficit of zero. For  
4 purposes of determining each district's audited fund balances  
5 in its educational fund, working cash fund, operations and  
6 maintenance fund, and transportation fund for the specified  
7 year ending June 30, as provided in paragraphs (1), (2), (3),  
8 (4), (5), (6), and (6.5) of this subsection (c), the balance of  
9 each fund shall be deemed decreased by an amount equal to the  
10 amount of the annual property tax theretofore levied in the  
11 fund by the district for collection and payment to the district  
12 during the calendar year in which the June 30 fell, but only to  
13 the extent that the tax so levied in the fund actually was  
14 received by the district on or before or comprised a part of  
15 the fund on such June 30. For purposes of determining each  
16 district's audited fund balances, a calculation shall be made  
17 for each fund to determine the average for the 3 years prior to  
18 the specified year ending June 30, as provided in paragraphs  
19 (1), (2), (3), (4), (5), (6), and (6.5) of this subsection (c),  
20 of the district's expenditures in the categories "purchased  
21 services", "supplies and materials", and "capital outlay", as  
22 those categories are defined in rules of the State Board of  
23 Education. If this 3-year average is less than the district's  
24 expenditures in these categories for the specified year ending  
25 June 30, as provided in paragraphs (1), (2), (3), (4), (5),  
26 (6), and (6.5) of this subsection (c), then the 3-year average

1 shall be used in calculating the amounts payable under this  
2 Section in place of the amounts shown in these categories for  
3 the specified year ending June 30, as provided in paragraphs  
4 (1), (2), (3), (4), (5), (6), and (6.5) of this subsection (c).  
5 Any deficit because of State aid not yet received may not be  
6 considered in determining the June 30 deficits. The same basis  
7 of accounting shall be used by all previously existing  
8 districts and by all annexing or annexed districts, as  
9 constituted prior to the annexation, in making any computation  
10 required under paragraphs (1), (2), (3), (4), (5), (6), and  
11 (6.5) of this subsection (c).

12 (8) The supplementary State aid payments under this  
13 subsection (c) shall be treated as separate from all other  
14 payments made pursuant to Section 18-8.05 of this Code.

15 (d)(1) Following the formation of a combined school  
16 district, as defined in Section 11E-20 of this Code, a new unit  
17 district, as defined in Section 11E-25 of this Code, a new  
18 elementary district or districts and a new high school district  
19 formed through a school district conversion, as defined in  
20 Section 11E-15 of this Code, a new partial elementary unit  
21 district, as defined in Section 11E-30 of this Code, or a new  
22 elementary district or districts formed through a multi-unit  
23 conversion, as defined in subsection (b) of Section 11E-30 of  
24 this Code, or the annexation of all of the territory of one or  
25 more entire school districts by one or more other school  
26 districts, as defined in Article 7 of this Code, a

1 supplementary State aid reimbursement shall be paid for the  
 2 number of school years determined under the following table to  
 3 each new or annexing district equal to the sum of \$4,000 for  
 4 each certified employee who is employed by the district on a  
 5 full-time basis for the regular term of the school year:

6	Reorganized District's Rank	Reorganized District's Rank		
7	by type of district (unit,	in Average Daily Attendance		
8	high school, elementary)	By Quintile		
9	in Equalized Assessed Value			
10	Per Pupil by Quintile			
11				3rd, 4th,
12		1st	2nd	or 5th
13		Quintile	Quintile	Quintile
14	1st Quintile	1 year	1 year	1 year
15	2nd Quintile	1 year	2 years	2 years
16	3rd Quintile	2 years	3 years	3 years
17	4th Quintile	2 years	3 years	3 years
18	5th Quintile	2 years	3 years	3 years

19 The State Board of Education shall make a one-time calculation  
 20 of a reorganized district's quintile ranks. The average daily  
 21 attendance used in this calculation shall be the best 3 months'  
 22 average daily attendance for the district's first year. The  
 23 equalized assessed value per pupil shall be the district's real  
 24 property equalized assessed value used in calculating the

1 district's first-year general State aid claim, under Section  
2 18-8.05 of this Code, divided by the best 3 months' average  
3 daily attendance.

4 No annexing or resulting school district shall be entitled  
5 to supplementary State aid under this subsection (d) unless the  
6 district acquires at least 30% of the average daily attendance  
7 of the district from which the territory is being detached or  
8 divided.

9 If a district results from multiple reorganizations that  
10 would otherwise qualify the district for multiple payments  
11 under this subsection (d) in any year, then the district shall  
12 receive a single payment only for that year based solely on the  
13 most recent reorganization.

14 (2) For an elementary opt-in, as defined in subsection (d)  
15 of Section 11E-30 of this Code, the full-time certified staff  
16 incentive shall be computed in accordance with paragraph (1) of  
17 this subsection (d), equal to the sum of \$4,000 for each  
18 certified employee of the elementary district that opts-in who  
19 is employed by the optional elementary unit district on a  
20 full-time basis for the regular term of the school year. The  
21 calculation from this paragraph (2) must be paid as follows:

22 (A) If the effective date for the elementary opt-in is  
23 one year after the effective date for the optional  
24 elementary unit district, 100% of the amount calculated in  
25 this paragraph (2) shall be paid to the optional elementary  
26 unit district for the number of years calculated in

1 paragraph (1) of this subsection (d) at the optional  
2 elementary unit district's original effective date,  
3 starting in the second year after the effective date of the  
4 elementary opt-in.

5 (B) If the effective date for the elementary opt-in is  
6 2 years after the effective date for the optional  
7 elementary unit district, 75% of the amount calculated in  
8 this paragraph (2) shall be paid to the optional elementary  
9 unit district for the number of years calculated in  
10 paragraph (1) of this subsection (d) at the optional  
11 elementary unit district's original effective date,  
12 starting in the second year after the effective date of the  
13 elementary opt-in.

14 (C) If the effective date for the elementary opt-in is  
15 3 years after the effective date for the optional  
16 elementary unit district, 50% of the amount calculated in  
17 this paragraph (2) shall be paid to the optional elementary  
18 unit district for the number of years calculated in  
19 paragraph (1) of this subsection (d) at the optional  
20 elementary unit district's original effective date,  
21 starting in the second year after the effective date of the  
22 elementary opt-in.

23 (D) If the effective date for the elementary opt-in is  
24 4 years after the effective date for the optional  
25 elementary unit district, 25% of the amount calculated in  
26 this paragraph (2) shall be paid to the optional elementary

1 unit district for the number of years calculated in  
2 paragraph (1) of this subsection (d) at the optional  
3 elementary unit district's original effective date,  
4 starting in the second year after the effective date of the  
5 elementary opt-in.

6 (E) If the effective date for the elementary opt-in is  
7 5 years after the effective date for the optional  
8 elementary unit district, the optional elementary unit  
9 district is not eligible for any additional incentives due  
10 to the elementary opt-in.

11 (2.5) Following the formation of a cooperative high school  
12 by 2 or more school districts under Section 10-22.22c of this  
13 Code, a supplementary State aid reimbursement shall be paid for  
14 3 school years to the cooperative high school equal to the sum  
15 of \$4,000 for each certified employee who is employed by the  
16 cooperative high school on a full-time basis for the regular  
17 term of any such school year. If a cooperative high school  
18 results from multiple agreements that would otherwise qualify  
19 the cooperative high school for multiple payments under this  
20 Section in any year, the cooperative high school shall receive  
21 a single payment for that year based solely on the most recent  
22 agreement.

23 (2.10) Following the annexation of territory detached from  
24 another school district whereby the enrollment of the annexing  
25 district increases 90% or more as a result of the annexation, a  
26 supplementary State aid reimbursement shall be paid to the



1 annexing district equal to the sum of \$4,000 for each certified  
2 employee who is employed by the annexing district on a  
3 full-time basis and shall be calculated in accordance with  
4 subsection (a) of this Section. To be eligible for  
5 supplementary State aid reimbursement under this Section, the  
6 intergovernmental agreement to be submitted pursuant to  
7 Section 7-14A of this Code must show that certified staff  
8 members were transferred from the control of the district  
9 losing territory to the control of the district gaining  
10 territory in the annexation. The changes to this Section made  
11 by Public Act 95-707 are intended to be retroactive and  
12 applicable to any annexation taking effect on or after July 1,  
13 2004. For annexations that are eligible for payments under this  
14 paragraph (2.10) and that are effective on or after July 1,  
15 2004, but before January 11, 2008 (the effective date of Public  
16 Act 95-707), the first required yearly payment under this  
17 paragraph (2.10) shall be paid in the second fiscal year after  
18 January 11, 2008 (the effective date of Public Act 95-707). Any  
19 subsequent required yearly payments shall be paid in subsequent  
20 fiscal years until the payment obligation under this paragraph  
21 (2.10) is complete.

22 (2.15) Following the deactivation of a school facility in  
23 accordance with Section 10-22.22b of this Code, a supplementary  
24 State aid reimbursement shall be paid for the lesser of 3  
25 school years or the length of the deactivation agreement,  
26 including any renewals of the original deactivation agreement,

1 to each receiving school district equal to the sum of \$4,000  
2 for each certified employee who is employed by that receiving  
3 district on a full-time basis for the regular term of any such  
4 school year who was originally transferred to the control of  
5 that receiving district as a result of the deactivation.  
6 Receiving districts are eligible for payments under this  
7 paragraph (2.15) based on the certified employees transferred  
8 to that receiving district as a result of the deactivation and  
9 are not required to receive at least 30% of the deactivating  
10 district's average daily attendance as required under  
11 paragraph (1) of this subsection (d) to be eligible for  
12 payments.

13 (3) The supplementary State aid reimbursement payable  
14 under this subsection (d) shall be separate from and in  
15 addition to all other payments made to the district pursuant to  
16 any other Section of this Article.

17 (4) During May of each school year for which a  
18 supplementary State aid reimbursement is to be paid to a new,  
19 annexing, or receiving school district or cooperative high  
20 school pursuant to this subsection (d), the school board or  
21 governing board shall certify to the State Board of Education,  
22 on forms furnished to the school board or governing board by  
23 the State Board of Education for purposes of this subsection  
24 (d), the number of certified employees for which the district  
25 or cooperative high school is entitled to reimbursement under  
26 this Section, together with the names, certificate numbers, and

1 positions held by the certified employees.

2 (5) Upon certification by the State Board of Education to  
3 the State Comptroller of the amount of the supplementary State  
4 aid reimbursement to which a school district or cooperative  
5 high school is entitled under this subsection (d), the State  
6 Comptroller shall draw his or her warrant upon the State  
7 Treasurer for the payment thereof to the school district or  
8 cooperative high school and shall promptly transmit the payment  
9 to the school district or cooperative high school through the  
10 appropriate school treasurer.

11 (Source: P.A. 95-331, eff. 8-21-07; 95-707, eff. 1-11-08;  
12 95-903, eff. 8-25-08; 96-328, eff. 8-11-09.)

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.