

**99TH GENERAL ASSEMBLY****State of Illinois****2015 and 2016****HB4498**

by Rep. Jim Durkin - Robert W. Pritchard - Ron Sandack

SYNOPSIS AS INTRODUCED:

10 ILCS 5/9-37 new	
105 ILCS 5/2-3.25f-5	
105 ILCS 5/34-1	from Ch. 122, par. 34-1
105 ILCS 5/34-3	from Ch. 122, par. 34-3
105 ILCS 5/34-3.6 new	
105 ILCS 5/34-4	from Ch. 122, par. 34-4
105 ILCS 5/34-1.05 rep.	
30 ILCS 805/8.40 new	

Amends the School Code. Provides that the State Superintendent of Education may remove members of the school board of any school district (currently, only districts with a population of not more than 500,000), and sets criteria for districts with a population of more than 500,000. Provides for the transition to an elected board for districts with a population of more than 500,000. Provides that the removal of appointed board members and the transition to elected board members for districts with a population of more than 500,000 shall not be construed as creating any liability on the part of the State for the debts and obligations of that school district. Restricts the sources of compensation that may be received by board members of districts with a population of more than 500,000. Prohibits political contributions to board members of districts with a population of more than 500,000 by certain businesses. Repeals a Section creating the Chicago Educational Governance Task Force. Amends the Election Code. Prohibits campaign contributions from labor organizations representing teachers and from business entities having contracts with school districts in certain school board elections. Contains a statement of legislative intent. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB099 18962 JWD 43351 b

1 AN ACT concerning local government.

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

4 Section 1. Intent and purpose. At the time of passage of
5 this amendatory Act of the 99th General Assembly, the taxpayers
6 of Illinois have devoted considerable and disproportionate
7 resources to the City of Chicago and to Chicago Public Schools.
8 Chicago Public Schools receive more than \$600 million per year
9 in funding from the State of Illinois through proceeds of the
10 corporate personal property replacement tax, early childhood
11 education grants, low-income households grants, the Property
12 Tax Extension Limitation Law adjustments, and the educational
13 services block grant than they would have received if those
14 funds were fairly distributed among districts statewide on the
15 basis of population or low-income population, as applicable.

16 Although Chicago Public Schools are responsible for paying
17 their employer contribution to their teachers' pension fund, if
18 the State were to cover the district's normal costs of
19 newly-earned pension benefits as it does for other school
20 districts, Chicago Public Schools would still receive
21 significantly more than their fair share of total State funding
22 to school districts.

23 Chicago Public Schools have more flexibility under State
24 law to negotiate with their teachers' union than other school

1 districts. Notwithstanding that flexibility, Chicago Public
2 Schools have chosen to exacerbate their unfunded pension burden
3 by agreeing with their teachers' union to pay not only the
4 employer contribution, but also almost all of the employee
5 contribution to the teachers' pension fund.

6 Previously, the General Assembly acted to alleviate the
7 short-term burden by granting the Chicago Public Schools a
8 3-year "pension holiday", with the understanding that the
9 district would use that time to make the necessary preparations
10 to begin increasing their employer contributions to the pension
11 fund. However, instead of becoming adequately prepared,
12 Chicago Public Schools is now seeking another pension payment
13 holiday or State bailout. Similarly, the City of Chicago has
14 not fully planned for its long-anticipated increase in pension
15 contributions and now wants to significantly reduce its
16 short-term pension contribution requirements. Both Chicago
17 Public Schools and the City of Chicago acknowledge they have
18 substantial budget deficits in this fiscal year and project
19 widening budget gaps for the foreseeable future, but have no
20 plan for addressing the deferred debt service payments that
21 will cripple the next generation of students and taxpayers. The
22 deteriorating financial condition of both Chicago Public
23 Schools and the City of Chicago is evidenced by the recent
24 rapid decline in their credit ratings to "junk bond" levels.

25 While all local governments and school districts should be
26 afforded greater freedom to contain and control their spending,

1 the City of Chicago and Chicago Public Schools already enjoy
2 greater flexibility under the law and more ample resources than
3 most other units of local government and school districts
4 across Illinois. The State of Illinois must protect Illinois
5 taxpayers from the poor financial decisions made by Chicago
6 politicians. The General Assembly finds that this Act will lead
7 to fiscal stability for the State; and, thus, the State must
8 not, directly, indirectly, or contingently, assume any debt or
9 liability of, or make any additional payment to or on behalf
10 of, the City of Chicago or Chicago Public Schools other than as
11 a part of payments made fairly to all municipalities and school
12 districts statewide.

13 Section 5. The Election Code is amended by adding Section
14 9-37 as follows:

15 (10 ILCS 5/9-37 new)

16 Sec. 9-37. Conflicts of interest in certain school board
17 elections.

18 (a) As teachers' salaries and benefits constitute a
19 significant amount of a school district's budget and are a key
20 component of bargaining between the board of education and
21 labor unions representing those teachers, it is the General
22 Assembly's finding that an inherent conflict exists between an
23 elected member of a board of education and unions representing
24 the district's teachers. As such, it is necessary to enact the

1 following safeguards to ensure no conflicts of interest.

2 (b) As used in this Section:

3 The terms "contract" and "contract with a school district
4 subject to Article 34 of the School Code" both mean any
5 contract between a business entity and a school district
6 subject to Article 34 of the School Code.

7 "Contribution" means a contribution as defined in Section
8 9-1.4 of the Election Code.

9 "Declared candidate" means a person who has filed a
10 statement of candidacy and petition for nomination or election
11 to the school board of a school district subject to Article 34
12 of the School Code.

13 "Officeholder" means an elected or appointed member of the
14 school board of a school district subject to Article 34 of the
15 School Code.

16 "Sponsoring entity" means a sponsoring entity as defined in
17 Section 9-3 of this Code.

18 "Affiliated person" means (i) any person with any ownership
19 interest or distributive share of the bidding or contracting
20 business entity in excess of 7.5%, (ii) executive employees of
21 the bidding or contracting business entity, and (iii) the
22 spouse of any such persons. "Affiliated person" does not
23 include a person prohibited by federal law from making
24 contributions or expenditures in connection with a federal,
25 state, or local election.

26 "Affiliated entity" means (i) any corporate parent and each

1 operating subsidiary of the bidding or contracting business
2 entity, (ii) each operating subsidiary of the corporate parent
3 of the bidding or contracting business entity, (iii) any
4 organization recognized by the United States Internal Revenue
5 Service as a tax-exempt organization described in Section
6 501(c) of the Internal Revenue Code of 1986 (or any successor
7 provision of federal tax law) established by the bidding or
8 contracting business entity, any affiliated entity of that
9 business entity, or any affiliated person of that business
10 entity, or (iv) any political committee for which the bidding
11 or contracting business entity, or any 501(c) organization
12 described in item (iii) related to that business entity, is the
13 sponsoring entity. "Affiliated entity" does not include an
14 entity prohibited by federal law from making contributions or
15 expenditures in connection with a federal, state, or local
16 election.

17 "Business entity" means any entity doing business for
18 profit, whether organized as a corporation, partnership, sole
19 proprietorship, limited liability company or partnership, or
20 otherwise.

21 "Executive employee" means (i) the president, chairman of
22 the board, or chief executive officer of a business entity and
23 any other individual that fulfills equivalent duties as the
24 president, chairman of the board, or chief executive officer of
25 a business entity; and (ii) any employee of a business entity
26 whose compensation is determined directly, in whole or in part,

1 by the award or payment of contracts by the school district
2 subject to Article 34 of the School Code to the entity
3 employing the employee. A regular salary that is paid
4 irrespective of the award or payment of a contract with a
5 school district subject to Article 34 of the School Code shall
6 not constitute "compensation" under item (ii) of this
7 definition. "Executive employee" does not include any person
8 prohibited by federal law from making contributions or
9 expenditures in connection with a federal, state, or local
10 election.

11 (c) Any business entity whose contracts with a school
12 district subject to Article 34 of the School Code, in the
13 aggregate, annually total more than \$50,000, and any affiliated
14 entities or affiliated persons of such business entity, are
15 prohibited from making any contributions to any political
16 committees established to promote the candidacy of (i) a member
17 of the school board of a school district subject to Article 34
18 of the School Code or (ii) any other declared candidate for
19 that office. This prohibition shall be effective for the
20 duration of the term of office of the incumbent officeholders
21 at the time the contracts were awarded or for a period of 2
22 years following the expiration or termination of the contracts,
23 whichever is longer.

24 (d) Any business entity whose aggregate pending bids and
25 offers on contracts with a school district subject to Article
26 34 of the School Code total more than \$50,000, or whose

1 aggregate pending bids and offers on contracts with a school
2 district subject to Article 34 of the School Code combined with
3 the business entity's aggregate annual total value of contracts
4 with a school district subject to Article 34 of the School Code
5 exceed \$50,000, and any affiliated entities or affiliated
6 persons of such business entity, are prohibited from making any
7 contributions to (i) a member of the school board of a school
8 district subject to Article 34 of the School Code or (ii) any
9 other declared candidate for that office.

10 (e) The State Board of Elections shall provide by rule for
11 the registration of business entities that are prohibited from
12 making contributions under this Section.

13 (f) The State Board of Elections shall provide a
14 certificate of registration to the business entity. The
15 certificate shall be electronic, except as otherwise provided
16 in this Section, and accessible to the business entity through
17 the State Board of Elections' website and protected by a
18 password. Within 60 days after establishment of the electronic
19 system, each business entity that submitted a registration via
20 e-mail attachment or paper copy pursuant to this Section shall
21 re-submit its registration electronically. At the time of
22 re-submission, the State Board of Elections shall provide an
23 electronic certificate of registration to that business
24 entity.

25 (g) Any business entity required to register under this
26 Section shall provide a copy of the registration certificate,

1 by first class mail or hand delivery within 10 days after
2 registration, to each affiliated entity or affiliated person
3 whose identity is required to be disclosed. Failure to provide
4 notice to an affiliated entity or affiliated person is a
5 business offense for which the business entity is subject to a
6 fine not to exceed \$1,001.

7 (h) The intentional, willful, or material failure to
8 disclose information required for registration is subject to a
9 civil penalty imposed by the State Board of Elections. The
10 Board shall impose a civil penalty of \$1,000 per business day
11 for failure to update a registration.

12 (i) Any business entity required to register under this
13 Section shall notify any political committee to which it makes
14 a contribution, at the time of the contribution, that the
15 business entity is registered with the State Board of Elections
16 under this Section. Any affiliated entity or affiliated person
17 of a business entity required to register under this Section
18 shall notify any political committee to which it makes a
19 contribution that it is affiliated with a business entity
20 registered with the State Board of Elections under this
21 Section.

22 (j) The State Board of Elections on its official website
23 shall have a searchable database containing (i) all information
24 required to be submitted to the Board pursuant to rules adopted
25 under this Section and (ii) all reports filed under Article 9
26 of the Election Code with the State Board of Elections by all

1 political committees. For the purposes of databases maintained
2 by the State Board of Elections, "searchable" means able to
3 search by "political committee", as defined in this Article,
4 and by "officeholder", the name of each school district subject
5 to Article 34 of the School Code, "business entity",
6 "affiliated entity", and "affiliated person". The Board shall
7 not place the name of a minor child on the website. However,
8 the Board shall provide a link to all contributions made by
9 anyone reporting the same residential address as any affiliated
10 person. In addition, the State Board of Elections on its
11 official website shall provide an electronic connection to any
12 searchable database of contracts with a school district subject
13 to Article 34 of the School Code, searchable by business
14 entity.

15 (k) It is unlawful for a candidate political committee
16 established to support a candidate seeking nomination or
17 election to the school board of a school district subject to
18 Article 34 of the School Code to accept contributions from: (i)
19 any labor organization that represents employees of that
20 district; (ii) any other labor organization of which a labor
21 organization described in clause (i) is an affiliate; (iii) any
22 political action committee for which a labor organization
23 described in clause (i) or (ii) is the sponsoring entity or any
24 tax-exempt organization described in Section 527 of the
25 Internal Revenue Code of 1986 (or any successor provision of
26 federal tax law) established by a labor organization described

1 in clause (i) or (ii); or (iv) any tax-exempt organization
2 described in Section 501(c) of the Internal Revenue Code of
3 1986 (or any successor provision of federal tax law)
4 established by a labor organization described in clause (i) or
5 (ii).

6 (l) A candidate political committee that receives a
7 contribution or transfer in violation of this Section shall
8 dispose of the contribution or transfer by returning the
9 contribution or transfer, or an amount equal to the
10 contribution or transfer, to the contributor or transferor or
11 by donating the contribution or transfer, or an amount equal to
12 the contribution or transfer, to a charity. A contribution or
13 transfer received in violation of this Section that is not
14 disposed of as provided in this subsection (l) within 30 days
15 after the Board sends notification to the political committee
16 of the contribution by certified mail shall escheat to the
17 General Revenue Fund and the political committee shall be
18 deemed in violation of this Section and subject to a civil
19 penalty not to exceed 150% of the total amount of the
20 contribution.

21 (m) The State Board of Elections shall have rulemaking
22 authority to implement this Section.

23 Section 10. The School Code is amended by changing Sections
24 2-3.25f-5, 34-1, 34-3, and 34-4 and by adding Section 34-3.6 as
25 follows:

1 (105 ILCS 5/2-3.25f-5)

2 Sec. 2-3.25f-5. Independent Authority.

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 school
8 board faces governance difficulties, continued operation
9 of the public school system is threatened.

10 (2) Sound school board governance, academic
11 achievement, and sound financial structure are essential
12 to the continued operation of any school system. It is
13 vital to commercial, educational, and cultural interests
14 that public schools remain in operation. To achieve that
15 goal, public school systems must have effective
16 leadership.

17 (3) To promote the sound operation of districts, as
18 defined in this Section, it may be necessary to provide for
19 the creation of independent authorities with the powers
20 necessary to promote sound governance, sound academic
21 planning, and sound financial management and to ensure the
22 continued operation of the public schools.

23 (4) It is the purpose of this Section to provide for a
24 sound basis for the continued operation of public schools.
25 The intention of the General Assembly, in creating this

1 Section, is to establish procedures, provide powers, and
2 impose restrictions to ensure the educational integrity of
3 public school districts.

4 (b) As used in this Section:

5 "Board" means a school board of a district.

6 "Chairperson" means the Chairperson of the Independent
7 Authority.

8 "District" means any school district ~~having a population of~~
9 not more than 500,000.

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

11 "State Superintendent" means the State Superintendent of
12 Education.

13 (c) The State Board has the power to direct the State
14 Superintendent to remove a board. Boards may be removed when
15 the criteria provided for in subsection (d) or subsection (d-5)
16 of this Section are met. At no one time may the State Board
17 remove more than 4 school boards and establish Independent
18 Authorities pursuant to subsection (e) of this Section;
19 provided that the foregoing limitation does not apply to the
20 board of a district having a population of more than 500,000,
21 and the removal of the board of a district having a population
22 of more than 500,000 shall not count towards the foregoing
23 limitation.

24 If the State Board proposes to direct the State
25 Superintendent to remove a board from a district, board members
26 shall receive individual written notice of the intended

1 removal. Written notice must be provided at least 30 calendar
2 days before a hearing is held by the State Board. This notice
3 shall identify the basis for proposed removal.

4 Board members are entitled to a hearing, during which time
5 each board member shall have the opportunity to respond
6 individually, both orally and through written comments, to the
7 basis laid out in the notice. Written comments must be
8 submitted to the State Board on or before the hearing.

9 Board members are entitled to be represented by counsel at
10 the hearing, but counsel must not be paid with district funds,
11 unless the State Board decides that the board will not be
12 removed and then the board members may be reimbursed for all
13 reasonable attorney's fees by the district.

14 The State Board shall make a final decision on removal
15 immediately following the hearing or at its next regularly
16 scheduled or special meeting. In no event may the decision be
17 made later than the next regularly scheduled meeting.

18 The State Board shall issue a final written decision. If
19 the State Board directs the State Superintendent to remove the
20 board, the State Superintendent shall do so within 30 days
21 after the written decision. Following the removal of the board,
22 the State Superintendent shall establish an Independent
23 Authority pursuant to subsection (e) of this Section.

24 If there is a financial oversight panel operating in the
25 district pursuant to Article 1B or 1H of this Code, the State
26 Board may, at its discretion, abolish the panel.

1 (d) The State Board may require priority districts, as
2 defined in subsection (b-5) of Section 2-3.25f of this Code, to
3 seek accreditation through an independent accreditation
4 organization chosen by the State Board and paid for by the
5 State. The State Board may direct the State Superintendent to
6 remove board members pursuant to subsection (c) of this Section
7 in any district having a population of not more than 500,000 in
8 which the district is unable to obtain accreditation in whole
9 or in part due to reasons specifically related to school board
10 governance. When determining if a district has failed to meet
11 the standards for accreditation specifically related to school
12 board governance, the accreditation entity shall take into
13 account the overall academic, fiscal, and operational
14 condition of the district and consider whether the board has
15 failed to protect district assets, to direct sound
16 administrative and academic policy, to abide by basic
17 governance principles, including those set forth in district
18 policies, and to conduct itself with professionalism and care
19 and in a legally, ethically, and financially responsible
20 manner. When considering if a board has failed in these areas,
21 the accreditation entity shall consider some or all of the
22 following factors:

23 (1) Failure to protect district assets by, without
24 limitation, incidents of fiscal fraud or misappropriation
25 of district funds; acts of neglecting the district's
26 building conditions; a failure to meet regularly

1 scheduled, payroll-period obligations when due; a failure
2 to abide by competitive bidding laws; a failure to prevent
3 an audit finding of material internal control weaknesses; a
4 failure to comply with required accounting principles; a
5 failure to develop and implement a comprehensive,
6 risk-management plan; a failure to provide financial
7 information or cooperate with the State Superintendent; or
8 a failure to file an annual financial report, an annual
9 budget, a deficit reduction plan, or other financial
10 information as required by law.

11 (2) Failure to direct sound administrative and
12 academic policy by, without limitation, hiring staff who do
13 not meet minimal certification requirements for the
14 positions being filled or who do not meet the customary
15 qualifications held by those occupying similar positions
16 in other school districts; a failure to avoid conflicts of
17 interest as it relates to hiring or other contractual
18 obligations; a failure to provide minimum graduation
19 requirements and curricular requirements of the School
20 Code and regulations; a failure to provide a minimum school
21 term as required by law; or a failure to adopt and
22 implement policies and practices that promote conditions
23 that support student learning, effective instruction, and
24 assessment that produce equitable and challenging learning
25 experiences for all students.

26 (3) Failure to abide by basic governance principles by,

1 without limitation, a failure to comply with the mandated
2 oath of office; a failure to adopt and abide by sound local
3 governance policies; a failure to abide by the principle
4 that official action by the board occurs only through a
5 duly-called and legally conducted meeting of the board; a
6 failure to abide by majority decisions of the board; a
7 failure to protect the privacy of students; a failure to
8 ensure that board decisions and actions are in accordance
9 with defined roles and responsibilities; or a failure of
10 the board to protect, support, and respect the autonomy of
11 a system to accomplish goals for improvement in student
12 learning and instruction and to manage day-to-day
13 operations of the school system and its schools, including
14 maintaining the distinction between the board's roles and
15 responsibilities and those of administrative leadership.

16 (4) Failure to conduct itself in a legally, ethically,
17 and financially responsible manner by, without limitation,
18 a failure to act in accordance with the Constitution of the
19 United States of America and the Constitution of the State
20 of Illinois and within the scope of State and federal laws;
21 laws, including a failure to comply with provisions of the
22 School Code, the Open Meetings Act, and the Freedom of
23 Information Act and federal and State laws that protect the
24 rights of protected categories of students; a failure to
25 comply with all district policies and procedures and all
26 State rules; or a failure to comply with the governmental

1 entities provisions of the State Officials and Employees
2 Ethics Act, including the gift ban and prohibited political
3 activities provisions.

4 (d-5) The State Board may direct the State Superintendent
5 to remove board members pursuant to subsection (c) of this
6 Section in any district having a population of more than
7 500,000 that is in financial difficulty. For the purposes of
8 this subsection (d-5), a district is in financial difficulty if
9 it meets one or more of the criteria set out in paragraphs (1)
10 through (5) of subsection (b) of Section 1A-8 of the School
11 Code, regardless of whether the district is a priority
12 district, is unable to obtain accreditation, or has been
13 previously certified to be in financial difficulty by the State
14 Board pursuant to Section 1A-8 of the School Code.

15 (e) Upon removal of the board, the State Superintendent
16 shall establish an Independent Authority. Upon establishment
17 of an Independent Authority, there is established a body both
18 corporate and politic to be known as the "(Name of the School
19 District) Independent Authority", which in this name shall
20 exercise all of the authority vested in an Independent
21 Authority by this Section and by the name may sue and be sued
22 in all courts and places where judicial proceedings are had.

23 (f) Upon establishment of an Independent Authority under
24 subsection (e) of this Section, the State Superintendent shall,
25 within 30 working days thereafter and in consultation with
26 State and locally elected officials, appoint 5 or 7 members to

1 serve on an Independent Authority for the district. Members
2 appointed to the Independent Authority shall serve at the
3 pleasure of the State Superintendent. The State Superintendent
4 shall designate one of the members of the Independent Authority
5 to serve as its chairperson. In the event of vacancy or
6 resignation, the State Superintendent shall, within 15 working
7 days after receiving notice, appoint a successor to serve out
8 that member's term. If the State Board has abolished a
9 financial oversight panel pursuant to subsection (c) of this
10 Section, the State Superintendent may appoint former members of
11 the panel to the Independent Authority. These members may serve
12 as part of the 5 or 7 members or may be appointed in addition to
13 the 5 or 7 members, with the Independent Authority not to
14 exceed 9 members in total.

15 Members of the Independent Authority must be selected
16 primarily on the basis of their experience and knowledge in
17 education policy and governance, with consideration given to
18 persons knowledgeable in the operation of a school district. A
19 member of the Independent Authority must be a registered voter
20 as provided in the general election law, must not be a school
21 trustee, and must not be a child sex offender as defined in
22 Section 11-9.3 of the Criminal Code of 2012. A majority of the
23 members of the Independent Authority must be residents of the
24 district that the Independent Authority serves. A member of the
25 Independent Authority may not be an employee of the district,
26 nor may a member have a direct financial interest in the

1 district.

2 Independent Authority members may be reimbursed by the
3 district for travel if they live more than 25 miles away from
4 the district's headquarters and other necessary expenses
5 incurred in the performance of their official duties. The
6 amount reimbursed members for their expenses must be charged to
7 the school district.

8 With the exception of the Chairperson, the Independent
9 Authority may elect such officers as it deems appropriate.

10 The first meeting of the Independent Authority must be held
11 at the call of the Chairperson. The Independent Authority shall
12 prescribe the times and places for its meetings and the manner
13 in which regular and special meetings may be called and shall
14 comply with the Open Meetings Act.

15 All Independent Authority members must complete the
16 training required of school board members under Section 10-16a
17 of this Code.

18 (g) The purpose of the Independent Authority is to operate
19 the district. The Independent Authority shall have all of the
20 powers and duties of a board and all other powers necessary to
21 meet its responsibilities and to carry out its purpose and the
22 purposes of this Section and that may be requisite or proper
23 for the maintenance, operation, and development of any school
24 or schools under the jurisdiction of the Independent Authority.
25 This grant of powers does not release an Independent Authority
26 from any duty imposed upon it by this Code or any other law.

1 The Independent Authority shall have no power to
2 unilaterally cancel or modify any collective bargaining
3 agreement in force upon the date of creation of the Independent
4 Authority.

5 (h) The Independent Authority may prepare and file with the
6 State Superintendent a proposal for emergency financial
7 assistance for the school district and for the operations
8 budget of the Independent Authority, in accordance with Section
9 1B-8 of this Code. A district may receive both a loan and a
10 grant.

11 (i) Paragraph (1) of this subsection applies only to a
12 district other than a district subject to Article 34 of this
13 Code. Paragraph (2) of this subsection applies only to a
14 district subject to Article 34 of this Code. Paragraph (3) of
15 this subsection applies to any district.

16 (1) An election for board members must not be held in a
17 district upon the establishment of an Independent
18 Authority and is suspended until the next regularly
19 scheduled school board election that takes place no less
20 than 2 years following the establishment of the Independent
21 Authority.

22 For this first election, 3 school board members must
23 be elected to serve out terms of 4 years and until
24 successors are elected and have qualified. Members of the
25 Independent Authority are eligible to run for election in
26 the district, provided that they meet all other eligibility

1 requirements of Section 10-10 of this Code. Following this
2 election, the school board shall consist of the newly
3 elected members and any remaining members of the
4 Independent Authority. The majority of this board must be
5 residents of the district. The State Superintendent must
6 appoint new members who are residents to the Independent
7 Authority if necessary to maintain this majority. At the
8 next school board election, 4 school board members must be
9 elected to serve out terms of 4 years and until successors
10 are elected and have qualified. For purposes of these first
11 2 elections, the school board members must be elected
12 at-large. In districts where board members were previously
13 elected using an alternative format pursuant to Article 9
14 of this Code, following these first 2 elections, the voting
15 shall automatically revert back to the original form.
16 Following the election, any remaining Independent
17 Authority members shall serve in the district as an
18 oversight panel until such time as the district meets the
19 governance standards necessary to achieve accreditation.
20 If some or all of the Independent Authority members have
21 been elected to the board, the State Superintendent may, in
22 his or her discretion, appoint new members to the
23 Independent Authority pursuant to subsection (f) of this
24 Section. The school board shall get approval of all actions
25 by the Independent Authority during the time the
26 Independent Authority serves as an oversight panel.

1 (2) In the case of a district subject to Article 34 of
2 this Code, no board member, chief executive officer,
3 general superintendent, or other officer shall be
4 appointed pursuant to the provisions of Article 34 of this
5 Code, as applicable.

6 The first election for board members shall be held
7 after the State Board determines that the district is no
8 longer in financial difficulty, or has taken sufficient
9 steps to no longer be in financial difficulty within 2
10 years, but not earlier than the election that occurs at
11 least 24 months after the date the Independent Authority
12 was first appointed.

13 For this first election of a board in a district
14 subject to Article 34, 3 board members must be elected to
15 terms of 4 years and until their successors are elected and
16 qualified, as provided in subsection (b-5) of Section 34-3.
17 Members of the Independent Authority are eligible to run
18 for election in the district, provided that they meet all
19 other eligibility requirements of Article 34 of this Code.
20 Following this first election, the board shall consist of
21 the 3 newly elected members and 4 members of the
22 Independent Authority designated by the State
23 Superintendent. If some or all of the Independent Authority
24 members have been elected to the board, the State
25 Superintendent may, in his or her discretion, appoint new
26 members to the Independent Authority pursuant to

1 subsection (f) of this Section. The majority of this board
2 must be residents of the district. The State Superintendent
3 must appoint new members who are residents to the
4 Independent Authority if necessary to maintain this
5 majority.

6 Following this first election, the 4 members of the
7 Independent Authority shall serve in the district as an
8 oversight panel until additional board members have been
9 elected and qualified pursuant to the immediately
10 following paragraph. The board shall obtain approval of all
11 actions by the Independent Authority during the time the
12 Independent Authority serves as an oversight panel.

13 At the second board election, 4 board members must be
14 elected to terms of 4 years and until their successors are
15 elected and qualified.

16 (3) Board members who were removed pursuant to
17 subsection (c) of this Section are ineligible to run for
18 school board in the district for 10 years following the
19 abolition of the Independent Authority pursuant to
20 subsection (l) of this Section. However, board members who
21 were removed pursuant to subsection (c) of this Section and
22 were appointed to the Independent Authority by the State
23 Superintendent are eligible to run for school board in the
24 district.

25 (j) The Independent Authority, upon its members taking
26 office and annually thereafter and upon request, shall prepare

1 and submit to the State Superintendent a report on the state of
2 the district, including without limitation the academic
3 improvement and financial situation of the district. This
4 report must be submitted annually on or before March 1 of each
5 year. The State Superintendent shall provide copies of any and
6 all reports to the regional office of education for the
7 district and to the State Senator and Representative
8 representing the area where the district is located.

9 (k) The district shall render such services to and permit
10 the use of its facilities and resources by the Independent
11 Authority at no charge as may be requested by the Independent
12 Authority. Any State agency, unit of local government, or
13 school district may, within its lawful powers and duties,
14 render such services to the Independent Authority as may be
15 requested by the Independent Authority.

16 (l) An Independent Authority must be abolished when the
17 district, following the election of the full board, meets the
18 governance standards necessary to achieve accreditation status
19 by an independent accreditation agency chosen by the State
20 Board. The abolition of the Independent Authority shall be done
21 by the State Board and take place within 30 days after the
22 determination of the accreditation agency or the State Board
23 determines that the district is no longer in financial
24 difficulty.

25 Upon abolition of the Independent Authority, all powers and
26 duties allowed by this Code to be exercised by a school board

1 shall be transferred to the elected school board.

2 (m) The Independent Authority must be indemnified through
3 insurance purchased by the district. The district shall
4 purchase insurance through which the Independent Authority is
5 to be indemnified.

6 The district retains the duty to represent and to indemnify
7 Independent Authority members following the abolition of the
8 Independent Authority for any cause of action or remedy
9 available against the Independent Authority, its members, its
10 employees, or its agents for any right or claim existing or any
11 liability incurred prior to the abolition.

12 The insurance shall indemnify and protect districts,
13 Independent Authority members, employees, volunteer personnel
14 authorized in Sections 10-22.34, 10-22.34a, and 10-22.34b of
15 this Code, mentors of certified or licensed staff as authorized
16 in Article 21A and Sections 2-3.53a, 2-3.53b, and 34-18.33 of
17 this Code, and student teachers against civil rights damage
18 claims and suits, constitutional rights damage claims and
19 suits, and death and bodily injury and property damage claims
20 and suits, including defense thereof, when damages are sought
21 for negligent or wrongful acts alleged to have been committed
22 in the scope of employment, under the direction of the
23 Independent Authority, or related to any mentoring services
24 provided to certified or licensed staff of the district. Such
25 indemnification and protection shall extend to persons who were
26 members of an Independent Authority, employees of an

1 Independent Authority, authorized volunteer personnel, mentors
2 of certified or licensed staff, or student teachers at the time
3 of the incident from which a claim arises. No agent may be
4 afforded indemnification or protection unless he or she was a
5 member of an Independent Authority, an employee of an
6 Independent Authority, an authorized volunteer, a mentor of
7 certified or licensed staff, or a student teacher at the time
8 of the incident from which the claim arises.

9 (n) The State Board may adopt rules as may be necessary for
10 the administration of this Section.

11 (o) This Section shall not be construed to create any debt
12 or liability of the State or to pledge the full faith and
13 credit of the State, directly, indirectly, or contingently, or
14 to transfer to the State any of the debts, liabilities, or
15 obligations of the district. This subsection (o) is declarative
16 of current law.

17 (Source: P.A. 98-1155, eff. 1-9-15.)

18 (105 ILCS 5/34-1) (from Ch. 122, par. 34-1)

19 Sec. 34-1. Application of article; Definitions. This
20 Article applies only to cities having a population exceeding
21 500,000.

22 "Trustees", when used in this Article, means the Chicago
23 School Reform Board of Trustees created by this amendatory Act
24 of 1995 and serving as the governing board of the school
25 district organized under this Article beginning with its

1 appointment on or after the effective date of this amendatory
2 Act of 1995 and continuing until June 30, 1999 or the
3 appointment of a new Chicago Board of Education as provided in
4 Section 34-3, whichever is later.

5 "Board", or "board of education" when used in this Article,
6 means: (i) the Chicago School Reform Board of Trustees for the
7 period that begins with the appointment of the Trustees and
8 that ends on the later of June 30, 1999 or the appointment of a
9 new Chicago Board of Education as provided in Section 34-3; and
10 (ii) the new Chicago Board of Education from and after June 30,
11 1999 or from and after its appointment as provided in Section
12 34-3, whichever is later, until the applicability of clause
13 (iii) of this definition; and (iii) if the board is removed and
14 an Independent Authority appointed pursuant to Section
15 2-3.25f-5 of this Code, that Independent Authority and, upon
16 its abolition, the board elected pursuant to Section 2-3.25f-5
17 and subsection (b-5) of Section 34-3 of this Code.

18 Except during the period that begins with the appointment
19 of the Chicago School Reform Board of Trustees on or after the
20 effective date of this amendatory Act of 1995 and that ends on
21 the later of June 30, 1999 or the appointment of a new Chicago
22 Board of Education as provided in Section 34-3: (i) the school
23 district organized under this Article may be subject to further
24 limitations imposed under Article 34A; and (ii) the provisions
25 of Article 34A prevail over the other provisions of this Act,
26 including the provisions of this Article, to the extent of any

1 conflict.

2 (Source: P.A. 89-15, eff. 5-30-95.)

3 (105 ILCS 5/34-3) (from Ch. 122, par. 34-3)

4 Sec. 34-3. Chicago School Reform Board of Trustees; new
5 Chicago Board of Education; members; term; vacancies.

6 (a) Within 30 days after the effective date of this
7 amendatory Act of 1995, the terms of all members of the Chicago
8 Board of Education holding office on that date are abolished
9 and the Mayor shall appoint, without the consent or approval of
10 the City Council, a 5 member Chicago School Reform Board of
11 Trustees which shall take office upon the appointment of the
12 fifth member. The Chicago School Reform Board of Trustees and
13 its members shall serve until, and the terms of all members of
14 the Chicago School Reform Board of Trustees shall expire on,
15 June 30, 1999 or upon the appointment of a new Chicago Board of
16 Education as provided in subsection (b), whichever is later.
17 Any vacancy in the membership of the Trustees shall be filled
18 through appointment by the Mayor, without the consent or
19 approval of the City Council, for the unexpired term. One of
20 the members appointed by the Mayor to the Trustees shall be
21 designated by the Mayor to serve as President of the Trustees.
22 The Mayor shall appoint a full-time, compensated chief
23 executive officer, and his or her compensation as such chief
24 executive officer shall be determined by the Mayor. The Mayor,
25 at his or her discretion, may appoint the President to serve

1 simultaneously as the chief executive officer.

2 (b) Within 30 days before the expiration of the terms of
3 the members of the Chicago Reform Board of Trustees as provided
4 in subsection (a), a new Chicago Board of Education consisting
5 of 7 members shall be appointed by the Mayor to take office on
6 the later of July 1, 1999 or the appointment of the seventh
7 member. Three of the members initially so appointed under this
8 subsection shall serve for terms ending June 30, 2002, 4 of the
9 members initially so appointed under this subsection shall
10 serve for terms ending June 30, 2003, and each member initially
11 so appointed shall continue to hold office until his or her
12 successor is appointed and qualified. Thereafter at the
13 expiration of the term of any member a successor shall be
14 appointed by the Mayor and shall hold office for a term of 4
15 years, from July 1 of the year in which the term commences and
16 until a successor is appointed and qualified. Any vacancy in
17 the membership of the Chicago Board of Education shall be
18 filled through appointment by the Mayor for the unexpired term.
19 No appointment to membership on the Chicago Board of Education
20 that is made by the Mayor under this subsection shall require
21 the approval of the City Council, whether the appointment is
22 made for a full term or to fill a vacancy for an unexpired term
23 on the Board. The board shall elect annually from its number a
24 president and vice-president, in such manner and at such time
25 as the board determines by its rules. The officers so elected
26 shall each perform the duties imposed upon their respective

1 office by the rules of the board, provided that (i) the
2 president shall preside at meetings of the board and vote as
3 any other member but have no power of veto, and (ii) the vice
4 president shall perform the duties of the president if that
5 office is vacant or the president is absent or unable to act.
6 The secretary of the Board shall be selected by the Board and
7 shall be an employee of the Board rather than a member of the
8 Board, notwithstanding subsection (d) of Section 34-3.3. The
9 duties of the secretary shall be imposed by the rules of the
10 Board.

11 (b-5) Notwithstanding any provision of this Code to the
12 contrary, if the board is removed and an Independent Authority
13 is appointed pursuant to Section 2-3.25f-5 of this Code, the
14 members of the board thereafter shall be elected, rather than
15 appointed, pursuant to Section 2-3.25f-5 of this Code and the
16 following:

17 (1) Board members shall be elected at-large in each
18 odd-numbered year, each for a term of 4 years, in
19 accordance with the general election law.

20 (2) For the first election pursuant to Section
21 2-3.25f-5 of this Code, 3 board members shall be elected to
22 terms of 4 years and until their successors are elected and
23 qualified. Following this election, the board shall
24 consist of the newly elected members and 4 members of the
25 Independent Authority designated by the State
26 Superintendent. At the next board election, 4 board members

1 shall be elected to terms of 4 years and until their
2 successors are elected and qualified, after which the board
3 shall consist of the 7 elected members.

4 (3) Nomination papers filed under this Section are not
5 valid unless the candidate named therein files with the
6 board of election commissioners a receipt from the county
7 clerk showing that the candidate has filed a statement of
8 economic interests as required by the Illinois
9 Governmental Ethics Act. Such receipt shall be so filed
10 either previously during the calendar year in which his or
11 her nomination papers were filed or within the period for
12 the filing of nomination papers in accordance with the
13 general election law.

14 (4) When a vacancy occurs in the membership of the
15 board, the remaining members shall, within 30 days, fill
16 the vacancy by appointment until the next regular board
17 election.

18 (c) The board may appoint a student to the board to serve
19 in an advisory capacity. The student member shall serve for a
20 term as determined by the board. The board may not grant the
21 student member any voting privileges, but shall consider the
22 student member as an advisor. The student member may not
23 participate in or attend any executive session of the board.

24 (Source: P.A. 94-231, eff. 7-14-05.)

1 Sec. 34-3.6. Prohibition on political contributions;
2 business registration.

3 (a) As used in this Section:
4 The terms "contract", "Chicago Public Schools contract",
5 and "contract with Chicago Public Schools" each mean any
6 contract between a business entity and Chicago Public Schools.

7 "Contribution" means a contribution as defined in Section
8 9-1.4 of the Election Code.

9 "Declared candidate" means a person who has filed a
10 statement of candidacy and petition for nomination or election
11 to the Chicago Board of Education.

12 "Officeholder" means an elected or appointed member of the
13 Chicago Board of Education.

14 "Sponsoring entity" means a sponsoring entity as defined in
15 Section 9-3 of the Election Code.

16 "Affiliated person" means (i) any person with any ownership
17 interest or distributive share of the bidding or contracting
18 business entity in excess of 7.5%, (ii) executive employees of
19 the bidding or contracting business entity, and (iii) the
20 spouse of any such persons. "Affiliated person" does not
21 include a person prohibited by federal law from making
22 contributions or expenditures in connection with a federal,
23 state, or local election.

24 "Affiliated entity" means (i) any corporate parent and each
25 operating subsidiary of the bidding or contracting business
26 entity, (ii) each operating subsidiary of the corporate parent

1 of the bidding or contracting business entity, (iii) any
2 organization recognized by the United States Internal Revenue
3 Service as a tax-exempt organization described in Section
4 501(c) of the Internal Revenue Code of 1986 (or any successor
5 provision of federal tax law) established by the bidding or
6 contracting business entity, any affiliated entity of that
7 business entity, or any affiliated person of that business
8 entity, or (iv) any political committee for which the bidding
9 or contracting business entity, or any 501(c) organization
10 described in item (iii) related to that business entity, is the
11 sponsoring entity. "Affiliated entity" does not include an
12 entity prohibited by federal law from making contributions or
13 expenditures in connection with a federal, state, or local
14 election.

15 "Business entity" means any entity doing business for
16 profit, whether organized as a corporation, partnership, sole
17 proprietorship, limited liability company or partnership, or
18 otherwise.

19 "Executive employee" means (i) the president, chairman of
20 the board, or chief executive officer of a business entity and
21 any other individual that fulfills equivalent duties as the
22 president, chairman of the board, or chief executive officer of
23 a business entity; and (ii) any employee of a business entity
24 whose compensation is determined directly, in whole or in part,
25 by the award or payment of contracts by the Chicago Public
26 Schools to the entity employing the employee. A regular salary

1 that is paid irrespective of the award or payment of a contract
2 with the Chicago Public Schools shall not constitute
3 "compensation" under item (ii) of this definition. "Executive
4 employee" does not include any person prohibited by federal law
5 from making contributions or expenditures in connection with a
6 federal, state, or local election.

7 (b) Any business entity whose contracts with Chicago Public
8 Schools, in the aggregate, annually total more than \$50,000,
9 and any affiliated entities or affiliated persons of such
10 business entity, are prohibited from making any contributions
11 to any political committees established to promote the
12 candidacy of (i) a member of the Chicago Board of Education or
13 (ii) any other declared candidate for that office. This
14 prohibition shall be effective for the duration of the term of
15 office of the incumbent officeholders at the time the contracts
16 were awarded or for a period of 2 years following the
17 expiration or termination of the contracts, whichever is
18 longer.

19 (c) Any business entity whose aggregate pending bids and
20 offers on Chicago Public Schools contracts total more than
21 \$50,000, or whose aggregate pending bids and offers on Chicago
22 Public Schools contracts combined with the business entity's
23 aggregate annual total value of Chicago Public Schools
24 contracts exceed \$50,000, and any affiliated entities or
25 affiliated persons of such business entity, are prohibited from
26 making any contributions to (i) a member of the Chicago Board

1 of Education or (ii) any other declared candidate for that
2 office.

3 (d) The State Board of Elections shall provide by rule for
4 the registration of business entities that are prohibited from
5 making contributions under this Section.

6 (e) The State Board of Elections shall provide a
7 certificate of registration to the business entity. The
8 certificate shall be electronic, except as otherwise provided
9 in this Section, and accessible to the business entity through
10 the State Board of Elections' website and protected by a
11 password. Within 60 days after establishment of the electronic
12 system, each business entity that submitted a registration via
13 e-mail attachment or paper copy pursuant to this Section shall
14 re-submit its registration electronically. At the time of
15 re-submission, the State Board of Elections shall provide an
16 electronic certificate of registration to that business
17 entity.

18 (f) Any business entity required to register under this
19 Section shall provide a copy of the registration certificate,
20 by first class mail or hand delivery within 10 days after
21 registration, to each affiliated entity or affiliated person
22 whose identity is required to be disclosed. Failure to provide
23 notice to an affiliated entity or affiliated person is a
24 business offense for which the business entity is subject to a
25 fine not to exceed \$1,001.

26 (g) The intentional, willful, or material failure to

1 disclose information required for registration is subject to a
2 civil penalty imposed by the State Board of Elections. The
3 Board shall impose a civil penalty of \$1,000 per business day
4 for failure to update a registration.

5 (h) Any business entity required to register under this
6 Section shall notify any political committee to which it makes
7 a contribution, at the time of the contribution, that the
8 business entity is registered with the State Board of Elections
9 under this Section. Any affiliated entity or affiliated person
10 of a business entity required to register under this Section
11 shall notify any political committee to which it makes a
12 contribution that it is affiliated with a business entity
13 registered with the State Board of Elections under this
14 Section.

15 (i) The State Board of Elections on its official website
16 shall have a searchable database containing (i) all information
17 required to be submitted to the Board pursuant to rules adopted
18 under this Section and (ii) all reports filed under Article 9
19 of the Election Code with the State Board of Elections by all
20 political committees. For the purposes of databases maintained
21 by the State Board of Elections, "searchable" means able to
22 search by "political committee", as defined in Article 9 of the
23 Election Code, and by "officeholder", "Chicago Public
24 Schools", "business entity", "affiliated entity", and
25 "affiliated person". The Board shall not place the name of a
26 minor child on the website. However, the Board shall provide a

link to all contributions made by anyone reporting the same residential address as any affiliated person. In addition, the State Board of Elections on its official website shall provide an electronic connection to any searchable database of Chicago Public Schools contracts, searchable by business entity.

(j) The State Board of Elections shall have rulemaking authority to implement this Section.

(105 ILCS 5/34-4) (from Ch. 122, par. 34-4)

Sec. 34-4. Eligibility. To be eligible for appointment or election to the board, a person shall be a citizen of the United States, shall be a registered voter as provided in the Election Code, shall have been a resident of the city for at least 3 years immediately preceding his or her appointment or election, and shall not be a child sex offender as defined in Section 11-9.3 of the Criminal Code of 2012. Permanent removal from the city by any member of the board during his term of office constitutes a resignation therefrom and creates a vacancy in the board. Except for the President of the Chicago School Reform Board of Trustees who may be paid compensation for his or her services as chief executive officer as determined by the Mayor as provided in subsection (a) of Section 34-3, board members shall serve without any compensation; provided, that board members shall be reimbursed for expenses incurred while in the performance of their duties upon submission of proper receipts or upon submission of a

1 signed voucher in the case of an expense allowance evidencing
2 the amount of such reimbursement or allowance to the president
3 of the board for verification and approval. ~~The board of~~
4 ~~education may continue to provide health care insurance~~
5 ~~coverage, employer pension contributions, employee pension~~
6 ~~contributions, and life insurance premium payments for an~~
7 ~~employee required to resign from an administrative, teaching,~~
8 ~~or career service position in order to qualify as a member of~~
9 ~~the board of education.~~ They shall not hold other public office
10 under the Federal, State or any local government other than
11 that of Director of the Regional Transportation Authority,
12 member of the economic development commission of a city having
13 a population exceeding 500,000, notary public or member of the
14 National Guard, and by accepting any such office while members
15 of the board, or by not resigning any such office held at the
16 time of being appointed or elected to the board within 30 days
17 after such appointment or election, shall be deemed to have
18 vacated their membership in the board. A board member may not
19 be employed by or accept any compensation from the district in
20 any capacity or accept any payment or other benefit from the
21 Public School Teachers' Pension and Retirement Fund created by
22 Article 17 of the Pension Code in which the board member is an
23 annuitant, and by holding or accepting any such employment,
24 compensation, payment, or other benefit while a member of the
25 board, or by not resigning any such employment within 30 days
26 after such appointment or election, shall be deemed to have

1 vacated his or her membership in the board.

2 (Source: P.A. 97-1150, eff. 1-25-13.)

3 (105 ILCS 5/34-1.05 rep.)

4 Section 15. The School Code is amended by repealing Section
5 34-1.05.

6 Section 90. The State Mandates Act is amended by adding
7 Section 8.40 as follows:

8 (30 ILCS 805/8.40 new)

9 Sec. 8.40. Exempt mandate. Notwithstanding Sections 6 and 8
10 of this Act, no reimbursement by the State is required for the
11 implementation of any mandate created by this amendatory Act of
12 the 99th General Assembly.

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