AN ACT concerning education.

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

Section 5. The State Finance Act is amended by changing Section 6z-45 as follows:

(30 ILCS 105/6z-45)

Sec. 6z-45. The School Infrastructure Fund.

(a) The School Infrastructure Fund is created as a special fund in the State Treasury.

In addition to any other deposits authorized by law, beginning January 1, 2000, on the first day of each month, or as soon thereafter as may be practical, the State Treasurer and State Comptroller shall transfer the sum of \$5,000,000 from the General Revenue Fund to the School Infrastructure Fund, except that, notwithstanding any other provision of law, and in addition to any other transfers that may be provided for by law, before June 30, 2012, the Comptroller and the Treasurer shall transfer \$45,000,000 from the General Revenue Fund into the School Infrastructure Fund, and, for fiscal year 2013 only, the Treasurer and the Comptroller shall transfer \$1,250,000 from the General Revenue Fund to the School Infrastructure Fund on the first day of each month; provided, however, that no such transfers shall be made from July 1, 2001

through June 30, 2003.

- (a-5) Money in the School Infrastructure Fund may be used to pay the expenses of the State Board of Education, the Governor's Office of Management and Budget, and the Capital Development Board in administering programs under the School Construction Law, the total expenses not to exceed \$1,315,000 in any fiscal year.
- (b) Subject to the transfer provisions set forth below, money in the School Infrastructure Fund shall, if and when the State of Illinois incurs any bonded indebtedness for the construction of school improvements under subsection (e) of Section 5 of the General Obligation Bond Act, be set aside and used for the purpose of paying and discharging annually the principal and interest on that bonded indebtedness then due and payable, and for no other purpose.

In addition to other transfers to the General Obligation Bond Retirement and Interest Fund made pursuant to Section 15 of the General Obligation Bond Act, upon each delivery of bonds issued for construction of school improvements under the School Construction Law, the State Comptroller shall compute and certify to the State Treasurer the total amount of principal of, interest on, and premium, if any, on such bonds during the then current and each succeeding fiscal year. With respect to the interest payable on variable rate bonds, such certifications shall be calculated at the maximum rate of interest that may be payable during the fiscal year, after

taking into account any credits permitted in the related indenture or other instrument against the amount of such interest required to be appropriated for that period.

On or before the last day of each month, the State Treasurer and State Comptroller shall transfer from the School Infrastructure Fund to the General Obligation Bond Retirement and Interest Fund an amount sufficient to pay the aggregate of the principal of, interest on, and premium, if any, on the bonds payable on their next payment date, divided by the number of monthly transfers occurring between the last previous payment date (or the delivery date if no payment date has yet occurred) and the next succeeding payment date. Interest payable on variable rate bonds shall be calculated at the maximum rate of interest that may be payable for the relevant period, after taking into account any credits permitted in the related indenture or other instrument against the amount of such interest required to be appropriated for that period. Interest for which moneys have already been deposited into the capitalized interest account within the General Obligation Bond Retirement and Interest Fund shall not included in the calculation of the amounts to be transferred under this subsection.

(b-5) The money deposited into the School Infrastructure Fund from transfers pursuant to subsections (c-30) and (c-35) of Section 13 of the Illinois Gambling Act shall be applied, without further direction, as provided in subsection (b-3) of

Section 5-35 of the School Construction Law.

- (b-7) In fiscal year 2021 only, of the surplus, if any, in the School Infrastructure Fund after payments made pursuant to subsections (a-5), (b), and (b-5) of this Section, \$20,000,000 shall be transferred to the General Revenue Fund.
- (c) The surplus, if any, in the School Infrastructure Fund after payments made pursuant to subsections (a-5), (b), (b-5), and (b-7) of this Section shall, subject to appropriation, be used as follows:

First - to make 3 payments to the School Technology Revolving Loan Fund as follows:

Transfer of \$30,000,000 in fiscal year 1999;
Transfer of \$20,000,000 in fiscal year 2000; and
Transfer of \$10,000,000 in fiscal year 2001.

Second - to pay any amounts due for grants for school construction projects and debt service under the School Construction Law.

Third - to pay any amounts due for grants for school maintenance projects under the School Construction Law.

(Source: P.A. 100-23, eff. 7-6-17; 101-31, eff. 6-28-19; 101-636, eff. 6-10-20.)

Section 10. The Local Government Debt Reform Act is amended by changing Section 16.5 as follows:

(30 ILCS 350/16.5)

Sec. 16.5. Proposition for bonds. For all elections held after July 1, 2000, the form of a proposition to authorize the issuance of bonds pursuant to either a referendum or backdoor referendum may be as set forth in this Section as an alternative to the form of proposition as otherwise set forth by applicable law. The proposition authorized by this Section shall be in substantially the following form:

Shall (name of governmental unit) (state purpose for the bond issue) and issue its bonds to the amount of \$ (state amount) for the purpose of paying the costs thereof?

If a school district receives a conditional grant award from the Capital Development Board expects to receive a school construction grant from the State of Illinois pursuant to Section 5-15 of the School Construction Law for the a school construction project to be financed in part with proceeds of the bonds a bond authorized by referendum, then the form of proposition may at the option of the school district additionally contain substantially the following language:

(Name of school district) expects to receive a school construction grant from the State of Illinois in the amount of \$ (state amount) pursuant to the School Construction Law to cover a portion of the total project costs for the school construction project to be financed in part with the proceeds of the bonds, based on the conditional grant award received from the Capital

Development Board pursuant to the School Construction Law

(i) a grant entitlement from the State Board of Education

and (ii) current recognized project costs determined by

the Capital Development Board.

(Source: P.A. 91-868, eff. 6-22-00; 92-879, eff. 1-13-03.)

Section 15. The School Construction Law is amended by changing Sections 5-5, 5-10, 5-15, 5-20, 5-25, 5-30, 5-35, and 5-50 as follows:

(105 ILCS 230/5-5)

Sec. 5-5. Definitions. As used in this Article:

"Conditional grant award" means the formal notification by
the Capital Development Board to a school district of its
conditional intent to award a grant to a school district to pay
a portion of the recognized project cost for a school
construction project. The grant award is conditioned upon
receiving proof from the school district that it has funds
available to cover the cost of the required local match.

"Grant award amount" means an amount equal to the recognized project cost determined by the Capital Development

Board for a school construction project multiplied by the grant award percentage and then adjusted as may be required pursuant to subsection (d) of Section 5-15.

"Grant award percentage" means a percentage equal to one minus the required local match percentage.

"Approved school construction bonds" mean bonds that were approved by referendum after January 1, 1996 but prior to January 1, 1998 as provided in Sections 19-2 through 19-7 of the School Code to provide funds for the acquisition, development, construction, reconstruction, rehabilitation, improvement, architectural planning, and installation of capital facilities consisting of buildings, structures, durable equipment, and land for educational purposes.

"Grant index" means a figure for each school district equal to one minus the ratio of the district's equalized assessed valuation per pupil in average daily attendance to the equalized assessed valuation per pupil in average daily attendance of the district located at the 90th percentile for all districts of the same category. This definition applies only to completed or partially completed, as determined by the Capital Development Board, school construction projects for which a grant application was filed for the 2004, 2005, or 2006 application cycle by a school district included on the State Board of Education's 2004, 2005, or 2006 School Construction Project Application Cycle listing and only for the purpose of determining the amount of any adjustment pursuant to subsection (d) of Section 5-15 to a grant award amount for a project funded during the first application cycle opened after June 30, 2022. For the purpose of calculating the grant index, school districts are grouped into 2 categories, Category I and Category II. Category I consists of elementary and unit school

districts. The equalized assessed valuation per pupil in average daily attendance of each school district in Category I shall be computed using its grades kindergarten through 8 average daily attendance figure. A unit school district's Category I grant index shall be used for projects or portions of projects constructed for elementary school pupils. Category II consists of high school and unit school districts. The equalized assessed valuation per pupil in average daily attendance of each school district in Category II shall be computed using its grades 9 through 12 average attendance figure. A unit school district's Category II grant index shall be used for projects or portions of projects constructed for high school pupils. The changes made by this amendatory Act of the 92nd General Assembly apply to all grants made on or after the effective date of this amendatory Act, provided that for grants not yet made on the effective date of this amendatory Act but made in fiscal year 2001 and for grants made in fiscal year 2002, the grant index for a school district shall be the greater of (i) the grant index as calculated under this Law on or after the effective date of this amendatory Act or (ii) the grant index as calculated under this Law before the effective date of this amendatory Act. The grant index shall be no less than 0.35 and no greater than 0.75 for each district; provided that the grant index for districts whose equalized assessed valuation per pupil in average daily attendance is at the 99th percentile and above

for all districts of the same type shall be 0.00.

The grant index shall be calculated for each of those school districts forming a reorganized school district or cooperative high school if one or more of the following happen within the current or prior 2 fiscal years:

- (1) a new school district is created in accordance with Article 11E of the School Code;
- (2) an existing school district annexes all of the territory of one or more entire other school districts in accordance with Article 7 of the School Code; or
- (3) a cooperative high school is formed in accordance with Section 10-22.22c of the School Code.

The average grant index of those school districts shall be used as the grant index for the newly reorganized district or cooperative high school.

"Recognized project cost" means the total project cost for a school construction project determined by the Capital Development Board to be taken into account in calculating the grant award amount and the required local match for a school construction project.

"Required local match" means an amount equal to the product of the recognized project cost determined by the Capital Development Board multiplied by a school district's required local match percentage, and then adjusted as may be required pursuant to Section 5-15.

"Required local match percentage" means a percentage equal

to a school district's Local Capacity Percentage, as defined in Section 18-8.15 of the School Code, and as calculated by the State Superintendent of Education in the fiscal year in which the school district applies for a grant to be awarded pursuant to this Article, provided that the required local match percentage shall be no less than 10% and no greater than 90% for any district. With respect to a Type 40 area vocational center cooperative, a special education cooperative, or a cooperative high school, the required local match percentage is calculated by first multiplying each cooperative member district's average student enrollment utilized to calculate its latest Evidence-Based Funding, as defined in Section 18-8.15 of the School Code, by the respective district's latest Local Capacity Percentage, as defined in Section 18-8.15 of the School Code, to obtain a weighted average student enrollment. Then, the required local match percentage is calculated by taking the sum of all the member districts' weighted average student enrollment and dividing that sum by the sum of all the member districts' average student enrollment utilized to calculate the latest Evidence-Based Funding.

"School construction project" means the acquisition, development, construction, reconstruction, rehabilitation, improvement, architectural planning, and installation of capital facilities consisting of buildings, structures, durable equipment, and land for educational purposes.

"School district" means a school district or a Type 40 area vocational center or special education cooperative that is jointly owned, if the joint agreement includes language that specifies how the debt obligation is to be paid, including in the event that an entity withdraws from the joint agreement.

"School district" includes a cooperative high school, if the cooperative agreement includes language that specifies how the debt obligation is to be paid, including if an entity withdraws from the cooperative agreement or the cooperative agreement is terminated which shall be considered a high school district for the purpose of calculating its grant index.

"School maintenance project" means a project, other than a school construction project, intended to provide for the maintenance or upkeep of buildings or structures for educational purposes, but does not include ongoing operational costs.

(Source: P.A. 96-731, eff. 8-25-09; 96-1381, eff. 1-1-11.)

(105 ILCS 230/5-10)

Sec. 5-10. Grant awards. The Capital Development Board is authorized to make grants to school districts for school construction projects with funds appropriated by the General Assembly from the School Infrastructure Fund and the School Construction Fund pursuant to the provisions of this Article.

The State Board of Education is authorized to make grants to school districts for debt service with funds appropriated by the General Assembly from the School Infrastructure Fund pursuant to the provisions of this Article.

(Source: P.A. 90-548, eff. 1-1-98.)

(105 ILCS 230/5-15)

Sec. 5-15. Grant <u>award amounts and required local match</u> entitlements.

(a) After June 30, 2022, any time there is an appropriation of funds by the General Assembly from the School Infrastructure Fund or School Construction Fund and a release of the appropriated funds to the Capital Development Board for expenditure on grant awards pursuant to the provisions of this Article, the The State Board of Education is authorized to open an application cycle to receive grant applications from school districts issue grant entitlements for school construction projects. No grant application filed before the start of the first application cycle after June 30, 2022 may be considered. After the close of each application cycle, the State Board of Education and debt service and shall determine the approval of applications, the required local match percentage for each approved application, and the priority order for school construction project grants to be made by the Capital Development Board and shall then notify all applicants regarding their eligibility for a grant. Such notification shall include an estimate of the required local match. The State Board of Education shall publish a list of applicants eligible for grants and forward it to the Capital Development Board. When issuing a grant entitlement for a school construction project, the Capital Development Board, as a part of that entitlement, shall certify to the district receiving the entitlement the dollar amount of the school construction project's cost that the district will be required to finance with non grant funds in order to qualify to receive a school construction project grant under this Article from the Capital Development Board.

- (b) The Capital Development Board, to the extent that appropriated funds have been released and proceeding through the list of eligible applicants in the order of priority determined by the State Board of Education, shall issue conditional grant awards to eligible school districts. An applicant that does not receive a conditional grant award notification must submit a new application during another application cycle in order to receive future consideration for a grant award.
- (c) The conditional grant award certifies to a school district the recognized project costs for its school construction project determined by the Capital Development Board, the applicable required local match percentage and grant award percentage, the required local match and grant award amount calculated by multiplying the required local

match percentage and the grant award percentage by the recognized project cost, and the required local match and grant award amount as those amounts may be adjusted as required in subsection (d).

- (d) The required local match and grant award amount are calculated by multiplying the required local match percentage and the grant award percentage by the recognized project cost, provided that, only during the first application cycle after June 30, 2022, these amounts may be adjusted if the applicant had previously expended funds on a school construction project on the 2004, 2005, or 2006 School Construction Grant List. In that case, the required local match shall be reduced (but not below zero) and the grant award amount shall be increased (to an amount no greater than the recognized project cost) by an amount determined by the Capital Development Board to be equal to the amount of the grant the applicant would have received pursuant to Section 5-35 had it been awarded a grant in 2004, 2005, or 2006 based on the 2004, 2005, or 2006 School Construction Grant List and the year in which the school district applied for the grant.
- (e) A school district shall have 2 years from the date the school district was issued a conditional grant award from the Capital Development Board to obtain the school district's required local match and receive a final grant award from the Capital Development Board. If the required local match is not obtained within the 2-year time frame, the school district

shall be required to reapply in another application cycle, after the 2-year time frame, to be considered for a grant award. The State share of the grant amount in a conditional grant award that is not claimed by a school district within the 2-year time frame shall be reallocated to future application cycles after the 2-year time frame expires.

(Source: P.A. 90-548, eff. 1-1-98; 91-55, eff. 6-30-99.)

(105 ILCS 230/5-20)

Sec. 5-20. Grant application; district facilities plan. School districts shall apply to the State Board of Education for school construction project grants and debt service grants. Districts filing grant applications shall submit to the State Board a district facilities plan that shall include, but not be limited to, an assessment of present and future district facility needs as required by present and anticipated educational programming, the availability of local financial resources including current revenues, fund balances, and unused bonding capacity, a fiscal plan for meeting present and anticipated debt service obligations, and a maintenance plan and schedule that contain necessary assurances that new, renovated, and existing facilities are being or will be properly maintained. If a district that applies for a school construction project grant has no unused bonding capacity or if its unused bonding capacity may be less than the portion of the cost of the proposed school construction project that the

district would be required to finance with non-grant funds, the amount certified by the Capital Development Board under Section 5-15 application and facilities plan submitted by the district shall set forth the estimated amount of the project's cost that the district proposes to finance by the issuance of bonds under subsection (n) of Section 19-1 of the School Code. The State Board of Education shall review and approve district facilities plans prior to prioritizing the applications issuing grant entitlements. Each district that receives a grant entitlement shall annually update its district facilities plan and submit the revised plan to the State Board for approval.

(Source: P.A. 90-548, eff. 1-1-98; 91-55, eff. 6-30-99.)

(105 ILCS 230/5-25)

Sec. 5-25. Eligibility and project standards.

(a) The State Board of Education shall establish eligibility standards for school construction project grants and debt service grants. These standards shall include minimum enrollment requirements for eligibility for school construction project grants of 200 students for elementary districts, 200 students for high school districts, and 400 students for unit districts. The total enrollment of member districts forming a cooperative high school in accordance with subsection (c) of Section 10-22.22 of the School Code shall meet the minimum enrollment requirements specified in this

subsection (a). The State Board of Education shall approve a district's eligibility for a school construction project grant or a debt service grant pursuant to the established standards.

For purposes only of determining a Type 40 area vocational center's eligibility for an entity included in a school construction project grant or a school maintenance project grant, an area vocational center shall be deemed eligible if one or more of its member school districts satisfy the grant index criteria set forth in this Law. A Type 40 area vocational center that makes application for school construction funds after August 25, 2009 (the effective date of Public Act 96-731) shall be placed on the respective application cycle list. Type 40 area vocational centers must be placed last on the priority listing of eligible entities for the applicable fiscal year.

- (b) The Capital Development Board shall establish project standards for all school construction project grants provided pursuant to this Article. These standards shall include space and capacity standards as well as the determination of recognized project costs that shall be eligible for State financial assistance and enrichment costs that shall not be eligible for State financial assistance.
- (c) The State Board of Education and the Capital Development Board shall not establish standards that disapprove or otherwise establish limitations that restrict the eligibility of (i) a school district with a population

exceeding 500,000 for a school construction project grant based on the fact that any or all of the school construction project grant will be used to pay debt service or to make lease payments, as authorized by subsection (b) of Section 5-35 of this Law, (ii) a school district located in whole or in part in a county that imposes a tax for school facility or resources purposes pursuant to Section 5-1006.7 of the Counties Code, or (iii) a school district that (1) was organized prior to 1860 and (2) is located in part in a city originally incorporated prior to 1840, based on the fact that all or a part of the school construction project is owned by a public building commission and leased to the school district or the fact that any or all of the school construction project grant will be used to pay debt service or to make lease payments.

- (d) (Blank). A reorganized school district or cooperative high school may use a school construction application that was submitted by a school district that formed the reorganized school district or cooperative high school if that application has not been entitled for a project by the State Board of Education and any one or more of the following happen within the current or prior 4 fiscal years:
 - (1) a new school district is created in accordance with Article 11E of the School Code;
 - (2) an existing school district annexes all of the territory of one or more other school districts in accordance with Article 7 of the School Code; or

(3) a cooperative high school is formed in accordance with subsection (c) of Section 10-22.22 of the School Code.

A new elementary district formed from a school district conversion, as defined in Section 11E 15 of the School Code, may use only the application of the dissolved district whose territory is now included in the new elementary district and must obtain the written approval of the local school board of any other school district that includes territory from that dissolved district. A new high school district formed from a school district conversion, as defined in Section 11E-15 of the School Code, may use only the application of any dissolved district whose territory is now included in the new high school district, but only after obtaining the written approval of the local school board of any other school district that includes territory from that dissolved district. A cooperative high school using this Section must obtain the written approval of the local school board of the member school district whose application it is using. All other eligibility and project standards apply to this Section.

(Source: P.A. 101-455, eff. 8-23-19.)

(105 ILCS 230/5-30)

Sec. 5-30. Priority of school construction projects. The State Board of Education shall develop standards for the determination of priority needs concerning school construction

projects based upon approved district facilities plans. Such standards shall call for prioritization based on the degree of need and project type in the following order:

- (1) Replacement or reconstruction of school buildings destroyed or damaged by flood, tornado, fire, earthquake, mine subsidence, or other disasters, either man-made or produced by nature;
- (2) Projects designed to alleviate a shortage of classrooms due to population growth or to replace or rehabilitate aging school buildings;
- (3) Projects resulting from interdistrict reorganization of school districts contingent on local referenda;
- (4) Replacement, rehabilitation, or reconstruction of school facilities determined to be severe and continuing health or life safety hazards;
- (5) Alterations necessary to provide accessibility for qualified individuals with disabilities; and
 - (6) Other unique solutions to facility needs.

Except for those changes absolutely necessary to comply with the changes made to subsection (c) of Section 5-25 of this Law by Public Act 96-37, the State Board of Education may not make any material changes to the standards in effect on May 18, 2004, unless the State Board of Education is specifically authorized by law.

(Source: P.A. 96-37, eff. 7-13-09; 96-102, eff. 7-29-09;

96-1000, eff. 7-2-10; 97-880, eff. 8-2-12.)

(105 ILCS 230/5-35)

Sec. 5-35. School construction project grant <u>award</u> amounts; permitted use; prohibited use.

(a) The grant award percentage is equal to one minus the required local match percentage. The grant award amount is equal to the grant award percentage multiplied by The product of the district's grant index and the recognized project cost, as determined by the Capital Development Board, for an approved school construction project, which amount may be adjusted as required in Section 5-15. The grant award amount shall equal the amount of the grant the Capital Development Board shall provide to the eligible district. The grant index shall not be used in cases where the General Assembly and the Governor approve appropriations designated for specifically identified school district construction projects.

The average of the grant indexes of the member districts in a joint agreement shall be used to calculate the amount of a school construction project grant awarded to an eligible Type 40 area vocational center.

(b) In each fiscal year in which school construction project grants are awarded, 20% of the total amount awarded statewide shall be awarded to a school district with a population exceeding 500,000, provided such district complies with the provisions of this Article.

In addition to the uses otherwise authorized by this Law, any school district with a population exceeding 500,000 is authorized to use any or all of the school construction project grants (i) to pay debt service, as defined in the Local Government Debt Reform Act, on bonds, as defined in the Local Government Debt Reform Act, issued to finance one or more school construction projects and (ii) to the extent that any such bond is a lease or other installment or financing contract between the school district and a public building commission that has issued bonds to finance one or more qualifying school construction projects, to make lease payments under the lease.

(b-3) The Capital Development Board shall make payment in an amount equal to 20% of each amount deposited into the School Infrastructure Fund pursuant to subsection (b-5) of Section 6z-45 of the State Finance Act to the Board of Education of the City of Chicago within 10 days after such deposit. The Board of Education of the City of Chicago shall use such moneys received (i) for application to the costs of a school construction project, (ii) to pay debt service on bonds, as those terms are defined in the Local Government Debt Reform Act, that are issued to finance one or more school construction projects, and (iii) to the extent that any such bond is a lease or other installment or financing contract between the school district and a public building commission that has issued bonds to finance one or more qualifying school

construction projects, to make lease payments under the lease. The Board of Education of the City of Chicago shall submit quarterly to the Capital Development Board documentation sufficient to establish that this money is being used as authorized by this Section. The Capital Development Board may withhold payments if the documentation is not provided. The remaining 80% of each such deposit shall be applied in accordance with the provisions of subsection (a) of this Section; however, no portion of this remaining 80% shall be awarded to a school district with a population of more than 500,000.

- (b-5) In addition to the uses otherwise authorized by this Law, any school district that (1) was organized prior to 1860 and (2) is located in part in a city originally incorporated prior to 1840 is authorized to use any or all of the school construction project grants (i) to pay debt service on bonds, as those terms are defined in the Local Government Debt Reform Act, that are issued to finance one or more school construction projects and (ii) to the extent that any such bond is a lease or other installment or financing contract between the school district and a public building commission that has issued bonds to finance one or more qualifying school construction projects, to make lease payments under the lease.
- (c) No portion of a school construction project grant awarded by the Capital Development Board shall be used by a school district for any on-going operational costs.

(Source: P.A. 98-18, eff. 6-7-13.)

(105 ILCS 230/5-50)

Sec. 5-50. Referendum requirements. A school district may submit a school construction project or the financing of a school construction project to referendum at any time. However, the proposition may include a reference to the school district's expectation of receiving a school construction grant from the State of Illinois only if the school district has received a conditional grant award for the project from the Capital Development Board. After the State Board of Education has approved all or part of a district's application and issued a grant entitlement for a school construction project grant, the district shall submit the project or the financing of the project to a referendum when such referendum is required by law, except for a project financed by bonds issued pursuant to subsection (p 70) of Section 19 1 of the School Code.

(Source: P.A. 96-1438, eff. 8-20-10; 97-333, eff. 8-12-11.)

(105 ILCS 230/5-37 rep.)

(105 ILCS 230/5-38 rep.)

(105 ILCS 230/5-45 rep.)

(105 ILCS 230/5-57 rep.)

Section 20. The School Construction Law is amended by repealing Sections 5-37, 5-38, 5-45, and 5-57.

LRB102 16919 CMG 22331 b

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