



## 96TH GENERAL ASSEMBLY

### State of Illinois

#### 2009 and 2010

#### HB6037

Introduced 2/10/2010, by Rep. Roger L. Eddy

#### SYNOPSIS AS INTRODUCED:

See Index

Creates the Financial Oversight Panel Law of the School Code. Allows a school district (other than the Chicago school district) to petition the State Board of Education for the establishment of a Financial Oversight Panel for the district. Allows the State Board to establish a Financial Oversight Panel without a petition from a district. Contains provisions concerning duties of the district; members and meetings of a Panel; powers of a Panel; officers of a Panel; collective bargaining agreements; deposits and investments; cash and bank accounts; the financial, management, and budgetary structure; the School District Emergency Financial Assistance Fund; grants and loans; the issuance of bonds; a tax levy; a debt service fund; a debt service reserve fund; bond anticipation notes; tax anticipation warrants and other certificates and notes; reports; a Panel audit; Panel property being exempt from taxation; sanctions; and abolition of a Panel. Makes related changes in the School Code, the Property Tax Code, and the Illinois Pension Code. Further amends the School Code with respect to districts in financial difficulty, the custody of school funds, bank reconciliation reports, and deficit reduction plans. Effective immediately.

LRB096 20045 NHT 35550 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT concerning education.

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

4 Section 5. The Property Tax Code is amended by changing  
5 Sections 18-50.1, 18-92, and 18-241 as follows:

6 (35 ILCS 200/18-50.1)

7 Sec. 18-50.1. School Finance Authority and Financial  
8 Oversight Panel levies. Notwithstanding any other law to the  
9 contrary, any levy adopted by a School Finance Authority  
10 created under Article 1F of the School Code or a Financial  
11 Oversight Panel established under Article 1H of the School Code  
12 is valid and shall be extended by the county clerk if it is  
13 certified to the county clerk by the Authority or Panel in  
14 sufficient time to allow the county clerk to include the levy  
15 in the extension for the taxable year.

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

17 (35 ILCS 200/18-92)

18 Sec. 18-92. Downstate School Finance Authority for  
19 Elementary Districts Law and Financial Oversight Panel Law. The  
20 provisions of the Truth in Taxation Law are subject to the  
21 Downstate School Finance Authority for Elementary Districts  
22 Law and the Financial Oversight Panel Law of the School Code.

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

2 (35 ILCS 200/18-241)

3 Sec. 18-241. School Finance Authority and Financial  
4 Oversight Panel.

5 (a) A School Finance Authority established under Article 1E  
6 or 1F of the School Code shall not be a taxing district for  
7 purposes of this Law. A Financial Oversight Panel established  
8 under Article 1H of the School Code shall not be a taxing  
9 district for purposes of this Law.

10 (b) This Law shall not apply to the extension of taxes for  
11 a school district for the levy year in which a School Finance  
12 Authority for the district is created pursuant to Article 1E or  
13 1F of the School Code. This Law shall not apply to the  
14 extension of taxes for a school district for the levy year in  
15 which a Financial Oversight Panel for the district is created  
16 pursuant to Article 1H of the School Code.

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

18 Section 10. The Illinois Pension Code is amended by  
19 changing Sections 7-105 and 7-109 as follows:

20 (40 ILCS 5/7-105) (from Ch. 108 1/2, par. 7-105)

21 Sec. 7-105. "Municipality": A city, village, incorporated  
22 town, county, township; a financial oversight panel  
23 established pursuant to Article 1H of the School Code; and any

1 school, park, sanitary, road forest preserve, water, fire  
2 protection, public health, river conservancy, mosquito  
3 abatement, tuberculosis sanitarium, public community college  
4 district, or other local district with general continuous power  
5 to levy taxes on the property within such district; now  
6 existing or hereafter created within the State; and, for the  
7 purposes of providing annuities and benefits to its employees,  
8 the fund itself.

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

10 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

11 Sec. 7-109. Employee.

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

13 (a) 1. Receives earnings as payment for the performance  
14 of personal services or official duties out of the  
15 general fund of a municipality, or out of any special  
16 fund or funds controlled by a municipality, or by an  
17 instrumentality thereof, or a participating  
18 instrumentality, including, in counties, the fees or  
19 earnings of any county fee office; and

20 2. Under the usual common law rules applicable in  
21 determining the employer-employee relationship, has  
22 the status of an employee with a municipality, or any  
23 instrumentality thereof, or a participating  
24 instrumentality, including aldermen, county  
25 supervisors and other persons (excepting those

1 employed as independent contractors) who are paid  
2 compensation, fees, allowances or other emolument for  
3 official duties, and, in counties, the several county  
4 fee offices.

5 (b) Serves as a township treasurer appointed under the  
6 School Code, as heretofore or hereafter amended, and who  
7 receives for such services regular compensation as  
8 distinguished from per diem compensation, and any regular  
9 employee in the office of any township treasurer whether or  
10 not his earnings are paid from the income of the permanent  
11 township fund or from funds subject to distribution to the  
12 several school districts and parts of school districts as  
13 provided in the School Code, or from both such sources.

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

16 (d) Is a chief executive officer, chief educational  
17 officer, chief fiscal officer, or other employee of a  
18 financial oversight panel established pursuant to Article  
19 1H of the School Code, other than a superintendent or  
20 certified school business official.

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

22 (a) Are eligible for inclusion under any of the  
23 following laws:

24 1. "An Act in relation to an Illinois State  
25 Teachers' Pension and Retirement Fund", approved May  
26 27, 1915, as amended;

1                   2. Articles 15 and 16 of this Code.

2                   However, such persons shall be included as employees to  
3                   the extent of earnings that are not eligible for inclusion  
4                   under the foregoing laws for services not of an  
5                   instructional nature of any kind.

6                   However, any member of the armed forces who is employed  
7                   as a teacher of subjects in the Reserve Officers Training  
8                   Corps of any school and who is not certified under the law  
9                   governing the certification of teachers shall be included  
10                  as an employee.

11                  (b) Are designated by the governing body of a  
12                  municipality in which a pension fund is required by law to  
13                  be established for policemen or firemen, respectively, as  
14                  performing police or fire protection duties, except that  
15                  when such persons are the heads of the police or fire  
16                  department and are not eligible to be included within any  
17                  such pension fund, they shall be included within this  
18                  Article; provided, that such persons shall not be excluded  
19                  to the extent of concurrent service and earnings not  
20                  designated as being for police or fire protection duties.  
21                  However, (i) any head of a police department who was a  
22                  participant under this Article immediately before October  
23                  1, 1977 and did not elect, under Section 3-109 of this Act,  
24                  to participate in a police pension fund shall be an  
25                  "employee", and (ii) any chief of police who elects to  
26                  participate in this Fund under Section 3-109.1 of this

1 Code, regardless of whether such person continues to be  
2 employed as chief of police or is employed in some other  
3 rank or capacity within the police department, shall be an  
4 employee under this Article for so long as such person is  
5 employed to perform police duties by a participating  
6 municipality and has not lawfully rescinded that election.

7 (3) All persons, including, without limitation, public  
8 defenders and probation officers, who receive earnings from  
9 general or special funds of a county for performance of  
10 personal services or official duties within the territorial  
11 limits of the county, are employees of the county (unless  
12 excluded by subsection (2) of this Section) notwithstanding  
13 that they may be appointed by and are subject to the direction  
14 of a person or persons other than a county board or a county  
15 officer. It is hereby established that an employer-employee  
16 relationship under the usual common law rules exists between  
17 such employees and the county paying their salaries by reason  
18 of the fact that the county boards fix their rates of  
19 compensation, appropriate funds for payment of their earnings  
20 and otherwise exercise control over them. This finding and this  
21 amendatory Act shall apply to all such employees from the date  
22 of appointment whether such date is prior to or after the  
23 effective date of this amendatory Act and is intended to  
24 clarify existing law pertaining to their status as  
25 participating employees in the Fund.

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

1 Section 15. The School Code is amended by changing Sections  
2 1A-8, 1B-8, 8-6, and 17-1 and by adding Article 1H and Section  
3 10-16.9 as follows:

4 (105 ILCS 5/1A-8) (from Ch. 122, par. 1A-8)

5 Sec. 1A-8. Powers of the Board in Assisting Districts  
6 Deemed in Financial Difficulties. To promote the financial  
7 integrity of school districts, the State Board of Education  
8 shall be provided the necessary powers to promote sound  
9 financial management and continue operation of the public  
10 schools.

11 The State Superintendent of Education may require a school  
12 district, including any district subject to Article 34A of this  
13 Code, to share financial information relevant to a proper  
14 investigation of the district's financial condition and the  
15 delivery of appropriate State financial, technical, and  
16 consulting services to the district if the district (i) has  
17 been designated, through the State Board of Education's School  
18 District Financial Profile System, as on financial warning or  
19 financial watch status, (ii) has failed to file an annual  
20 financial report, annual budget, deficit reduction plan, or  
21 other financial information as required by law, ~~or~~ (iii) has  
22 been identified, through the district's annual audit or other  
23 financial and management information, as in serious financial  
24 difficulty in the current or next school year, or (iv) is

1 determined to be likely to fail to fully meet any or all  
2 payroll expenses when due or any debt service payments when due  
3 or both. In addition to financial, technical, and consulting  
4 services provided by the State Board of Education, at the  
5 request of a school district, the State Superintendent may  
6 provide for an independent financial consultant to assist the  
7 district review its financial condition and options.

8 The State Board of Education, after proper investigation of  
9 a district's financial condition, may certify that a district,  
10 including any district subject to Article 34A, is in financial  
11 difficulty when any of the following conditions occur:

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

15 (2) The district has issued tax anticipation warrants  
16 or tax anticipation notes in anticipation of a second  
17 year's taxes when warrants or notes in anticipation of  
18 current year taxes are still outstanding, as authorized by  
19 Sections 17-16, 34-23, 34-59 and 34-63 of this Code, or has  
20 issued short-term debt against 2 future revenue sources,  
21 such as, but not limited to, tax anticipation warrants and  
22 general State Aid certificates or tax anticipation  
23 warrants and revenue anticipation notes.†

24 (3) The district has for 2 consecutive years shown an  
25 excess of expenditures and other financing uses over  
26 revenues and other financing sources and beginning fund

1 balances on its annual financial report for the aggregate  
2 totals of the Educational, Operations and Maintenance,  
3 Transportation, and Working Cash Funds.~~†~~

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

7 (5) The district is likely to fail to fully meet any or  
8 all payroll expenses when due or any debt service payments  
9 when due or both.

10 No school district shall be certified by the State Board of  
11 Education to be in financial difficulty solely by reason of any  
12 of the above circumstances arising as a result of (i) the  
13 failure of the county to make any distribution of property tax  
14 money due the district at the time such distribution is due or  
15 (ii) the failure of this State to make timely payments of  
16 general State aid or any of the mandated categoricals; or if  
17 the district clearly demonstrates to the satisfaction of the  
18 State Board of Education at the time of its determination that  
19 such condition no longer exists. If the State Board of  
20 Education certifies that a district in a city with 500,000  
21 inhabitants or more is in financial difficulty, the State Board  
22 shall so notify the Governor and the Mayor of the city in which  
23 the district is located. The State Board of Education may  
24 require school districts certified in financial difficulty,  
25 except those districts subject to Article 34A, to develop,  
26 adopt and submit a financial plan within 45 days after

1 certification of financial difficulty. The financial plan  
2 shall be developed according to guidelines presented to the  
3 district by the State Board of Education within 14 days of  
4 certification. Such guidelines shall address the specific  
5 nature of each district's financial difficulties. Any proposed  
6 budget of the district shall be consistent with the financial  
7 plan submitted to and approved by the State Board of Education.

8 A district certified to be in financial difficulty, other  
9 than a district subject to Article 34A, shall report to the  
10 State Board of Education at such times and in such manner as  
11 the State Board may direct, concerning the district's  
12 compliance with each financial plan. The State Board may review  
13 the district's operations, obtain budgetary data and financial  
14 statements, require the district to produce reports, and have  
15 access to any other information in the possession of the  
16 district that it deems relevant. The State Board may issue  
17 recommendations or directives within its powers to the district  
18 to assist in compliance with the financial plan. The district  
19 shall produce such budgetary data, financial statements,  
20 reports and other information and comply with such directives.  
21 If the State Board of Education determines that a district has  
22 failed to comply with its financial plan, the State Board of  
23 Education may rescind approval of the plan and appoint a  
24 Financial Oversight Panel for the district as provided in  
25 Section 1B-4. This action shall be taken only after the  
26 district has been given notice and an opportunity to appear

1 before the State Board of Education to discuss its failure to  
2 comply with its financial plan.

3 No bonds, notes, teachers orders, tax anticipation  
4 warrants or other evidences of indebtedness shall be issued or  
5 sold by a school district or be legally binding upon or  
6 enforceable against a local board of education of a district  
7 certified to be in financial difficulty unless and until the  
8 financial plan required under this Section has been approved by  
9 the State Board of Education.

10 Any financial profile compiled and distributed by the State  
11 Board of Education in Fiscal Year 2009 or any fiscal year  
12 thereafter shall incorporate such adjustments as may be needed  
13 in the profile scores to reflect the financial effects of the  
14 inability or refusal of the State of Illinois to make timely  
15 disbursements of any general State aid or mandated categorical  
16 aid payments due school districts or to fully reimburse school  
17 districts for mandated categorical programs pursuant to  
18 reimbursement formulas provided in this School Code.

19 (Source: P.A. 96-668, eff. 8-25-09.)

20 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

21 Sec. 1B-8. There is created in the State Treasury a special  
22 fund to be known as the School District Emergency Financial  
23 Assistance Fund (the "Fund"). The School District Emergency  
24 Financial Assistance Fund shall consist of appropriations,  
25 loan repayments, grants from the federal government, and

1 donations from any public or private source. Moneys in the Fund  
2 may be appropriated only to the Illinois Finance Authority and  
3 the State Board for those purposes authorized under this  
4 Article and Articles Article ~~1F~~ and 1H of this Code. The  
5 appropriation may be allocated and expended by the State Board  
6 for contractual services ~~as grants~~ to provide technical  
7 assistance and consultation ~~consulting services~~ to school  
8 districts to assess their financial condition and to Financial  
9 Oversight Panels that petition for emergency financial  
10 assistance grants. ~~The and by the~~ Illinois Finance Authority  
11 may provide ~~as~~ loans to school districts which are the subject  
12 of an approved petition for emergency financial assistance  
13 under Section 1B-4, ~~or~~ 1F-62, or 1H-65 of this Code. Neither  
14 the State Board of Education nor the Illinois Finance Authority  
15 may collect any fees for providing these services.

16 From the amount allocated to each such school district  
17 under this Article the State Board shall identify a sum  
18 sufficient to cover all approved costs of the Financial  
19 Oversight Panel established for the respective school  
20 district. If the State Board and State Superintendent of  
21 Education have not approved emergency financial assistance in  
22 conjunction with the appointment of a Financial Oversight  
23 Panel, the Panel's approved costs shall be paid from deductions  
24 from the district's general State aid.

25 The Financial Oversight Panel may prepare and file with the  
26 State Superintendent a proposal for emergency financial

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

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

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

23 Any emergency financial assistance proposed by the  
24 Financial Oversight Panel and approved by the State  
25 Superintendent may be paid in its entirety during the initial  
26 year of the Panel's existence or spread in equal or declining

1 amounts over a period of years not to exceed the period of the  
2 Panel's existence. All loan payments made from the School  
3 District Emergency Financial Assistance Fund for a school  
4 district shall be required to be repaid, with simple interest  
5 over the term of the loan at a rate equal to 50% of the one-year  
6 Constant Maturity Treasury (CMT) yield as last published by the  
7 Board of Governors of the Federal Reserve System before the  
8 date on which the district's loan is approved by the State  
9 Board of Education, not later than the date the Financial  
10 Oversight Panel ceases to exist. The Panel shall establish and  
11 the Illinois Finance Authority shall approve the terms and  
12 conditions, including the schedule, of repayments. The  
13 schedule shall provide for repayments commencing July 1 of each  
14 year or upon each fiscal year's receipt of moneys from a tax  
15 levy for emergency financial assistance. Repayment shall be  
16 incorporated into the annual budget of the school district and  
17 may be made from any fund or funds of the district in which  
18 there are moneys available. Default on repayment is subject to  
19 the Illinois Grant Funds Recovery Act. When moneys are repaid  
20 as provided herein they shall not be made available to the  
21 local board for further use as emergency financial assistance  
22 under this Article at any time thereafter. All repayments  
23 required to be made by a school district shall be received by  
24 the State Board and deposited in the School District Emergency  
25 Financial Assistance Fund.

26 In establishing the terms and conditions for the repayment

1 obligation of the school district the Panel shall annually  
2 determine whether a separate local property tax levy is  
3 required. The board of any school district with a tax rate for  
4 educational purposes for the prior year of less than 120% of  
5 the maximum rate for educational purposes authorized by Section  
6 17-2 shall provide for a separate tax levy for emergency  
7 financial assistance repayment purposes. Such tax levy shall  
8 not be subject to referendum approval. The amount of the levy  
9 shall be equal to the amount necessary to meet the annual  
10 repayment obligations of the district as established by the  
11 Panel, or 20% of the amount levied for educational purposes for  
12 the prior year, whichever is less. However, no district shall  
13 be required to levy the tax if the district's operating tax  
14 rate as determined under Section 18-8 or 18-8.05 exceeds 200%  
15 of the district's tax rate for educational purposes for the  
16 prior year.

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

18 (105 ILCS 5/Art. 1H heading new)

19 ARTICLE 1H. FINANCIAL OVERSIGHT PANELS

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

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

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

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

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

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

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

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

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

1 education within the State, consistent with the requirements  
2 for satisfying the public policy and purpose set forth in this  
3 Article.

4 (105 ILCS 5/1H-10 new)

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

6 "Bonds" means bonds authorized to be issued by the Panel  
7 under Section 1H-70 of this Code.

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

11 "Chairperson" means the Chairperson of the Panel.

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

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

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

19 "Obligations" means bonds and notes of the Panel.

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

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

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

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

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

4 (a) A school district may petition the State Board for the  
5 establishment of a Financial Oversight Panel for the district.  
6 The petition shall cite the reasons why the creation of a  
7 Financial Oversight Panel for the district is necessary. The  
8 State Board may grant the petition upon determining that the  
9 approval of the petition is in the best educational and  
10 financial interests of the district. The State Board may  
11 establish a Financial Oversight Panel without a petition for a  
12 school district deemed to be in financial difficulty pursuant  
13 to Section 1A-8 of this Code.

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

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

20 (2) The duties and obligations of the districts under  
21 Financial Oversight Panels established pursuant to this  
22 Article shall be the same duties and obligations of  
23 districts under Financial Oversight Panels established  
24 under Article 1B of this Code.

25 (c) In the event of a conflict between the provisions of  
26 this Article and the provisions of Article 1B of this Code, the

1 provisions of this Article control.

2 (d) Any school district having a Financial Oversight Panel  
3 established under Article 1B of this Code or any Financial  
4 Oversight Panel established under Article 1B may petition the  
5 State Board for the establishment of a Financial Oversight  
6 Panel under this Article and concurrent dissolution of the  
7 Article 1B Panel. All records, papers, books, funds, or other  
8 assets or liabilities belonging to the dissolving Financial  
9 Oversight Panel shall be transferred to the newly established  
10 Financial Oversight Panel.

11 (105 ILCS 5/1H-20 new)

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

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

25 (b) Members of the Panel shall be selected primarily on the

1 basis of their experience and education in financial  
2 management, with consideration given to persons knowledgeable  
3 in education finance. Two members of the Panel shall be  
4 residents of the school district that the Panel serves. A  
5 member of the Panel may not be a member of the district's  
6 school board or an employee of the district nor may a member  
7 have a direct financial interest in the district.

8 (c) Panel members may be reimbursed by the State Board for  
9 travel and other necessary expenses incurred in the performance  
10 of their official duties. Unless paid from bonds issued under  
11 Section 1H-70 of this Code, the amount reimbursed members for  
12 their expenses shall be charged to the school district as part  
13 of any emergency financial assistance and incorporated as a  
14 part of the terms and conditions for repayment of the  
15 assistance or shall be deducted from the district's general  
16 State aid as provided in Section 1H-65 of this Code.

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

20 (e) The first meeting of the Panel shall be held at the  
21 call of the Chairperson. The Panel shall prescribe the times  
22 and places for its meetings and the manner in which regular and  
23 special meetings may be called and shall comply with the Open  
24 Meetings Act.

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

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

2 Sec. 1H-25. General powers. The purposes of the Panel shall  
3 be to exercise financial control over the district and to  
4 furnish financial assistance so that the district can provide  
5 public education within the district's jurisdiction while  
6 permitting the district to meet its obligations to its  
7 creditors and the holders of its debt. Except as expressly  
8 limited by this Article, the Panel shall have all powers  
9 granted to a voluntary or involuntary Financial Oversight Panel  
10 and to a Financial Administrator under Article 1B of this Code  
11 and all other powers necessary to meet its responsibilities and  
12 to carry out its purposes and the purposes of this Article,  
13 including without limitation all of the following powers,  
14 provided that the Panel shall have no power to terminate any  
15 employee without following the statutory procedures for such  
16 terminations set forth in this Code, nor to incur debt or  
17 otherwise take action to lease, buy, or build or otherwise  
18 acquire additional school buildings or grounds without front  
19 door referenda approval under Sections 19-2 through 19-7 of  
20 this Code:

21 (1) To sue and to be sued.

22 (2) To make, cancel, modify, and execute contracts,  
23 leases, subleases, and all other instruments or agreements  
24 necessary or convenient for the exercise of the powers and  
25 functions granted by this Article, subject to Section 1H-45

1 of this Code. The Panel may at a regular or special meeting  
2 find that the district has insufficient or inadequate funds  
3 with respect to any contract; however, final collective  
4 bargaining agreements may not be cancelled or modified  
5 without the express written consent of the exclusive  
6 bargaining representative and the Panel.

7 (3) To purchase real or personal property necessary or  
8 convenient for its purposes; to execute and deliver deeds  
9 for real property held in its own name; and to sell, lease,  
10 or otherwise dispose of such of its property as, in the  
11 judgment of the Panel, is no longer necessary for its  
12 purposes.

13 (4) To employ officers, agents, and employees of the  
14 Panel; to define their duties and qualifications; and to  
15 fix their compensation and benefits.

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

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

23 (7) To levy all property tax levies that otherwise  
24 could be levied by the district, and to make levies  
25 pursuant to Section 1H-65 of this Code. This levy or levies  
26 shall be exempt from the Truth in Taxation Law.

1           (8) Subject to the provisions of any contract with or  
2           for the benefit of the holders of its obligations, to  
3           purchase or redeem its obligations.

4           (9) To procure all necessary goods and services for the  
5           Panel in compliance with the purchasing laws and  
6           requirements applicable to the district.

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

10           (11) To recommend any type of reorganization of the  
11           district, in whole or in part, pursuant to Article 7 or 11E  
12           of this Code or Section 10-22.22b or 10-22.22c of this  
13           Code, to the State Board if in the Panel's judgment the  
14           circumstances so require. No such proposal for  
15           reorganization shall occur unless the Panel and the school  
16           boards of all other districts directly affected by the  
17           reorganization have each approved by majority vote the  
18           reorganization. Upon approval by the Panel and all other  
19           districts directly affected and notwithstanding any other  
20           law to the contrary, upon approval of the proposal by the  
21           State Board, by a majority vote, the State Board and all  
22           other affected entities shall forthwith implement the  
23           proposal in accordance with applicable provisions of this  
24           Code.

25           (105 ILCS 5/1H-30 new)

1       Sec. 1H-30. Chief executive officer. The Panel may employ a  
2 chief executive officer who, under the direction of the Panel,  
3 shall supervise the Panel's staff, including the chief  
4 educational officer and the chief fiscal officer, and shall  
5 have ultimate responsibility for implementing the policies,  
6 procedures, directives, and decisions of the Panel. The chief  
7 executive officer shall have the authority to determine the  
8 agenda and order of business at school board meetings, as  
9 needed in order to carry forward and implement the objectives  
10 and priorities of the school board and Financial Oversight  
11 Panel in the administration and management of the district. The  
12 chief executive officer is not required to hold any certificate  
13 issued under Article 21 of this Code. The chief executive  
14 officer shall have the powers and duties as assigned by the  
15 Panel in accordance with this Code.

16           (105 ILCS 5/1H-35 new)

17       Sec. 1H-35. Chief educational officer. The Panel may at a  
18 regular or special meeting find that cause exists to cancel the  
19 contract of the school district's superintendent who is serving  
20 at the time the Panel is established for the same reasons and  
21 in the same manner as the school board may cancel the contract.  
22 If there is no superintendent, then the Panel may employ a  
23 chief educational officer for the district, who shall have all  
24 of the powers and duties of a school district superintendent  
25 under this Code and such other duties as may be assigned by the

1 Panel in accordance with this Code. The chief educational  
2 officer shall report to the Panel or the chief executive  
3 officer employed by the Panel. The district shall not  
4 thereafter employ a superintendent during the period that a  
5 chief educational officer is serving in the district. The chief  
6 educational officer is not required to hold any certificate  
7 issued under Article 21 of this Code.

8 (105 ILCS 5/1H-40 new)

9 Sec. 1H-40. Chief fiscal officer. The Panel may employ a  
10 chief fiscal officer who, under the direction of the Panel or  
11 the chief executive officer employed by the Panel, shall have  
12 all of the powers and duties of the district's chief school  
13 business official and any other duties regarding budgeting,  
14 accounting, and other financial matters that are assigned by  
15 the Panel, in accordance with this Code. The district may not  
16 employ a chief school business official during the period that  
17 the chief fiscal officer is serving in the district. The chief  
18 fiscal officer is not required to hold a certificate issued  
19 under Article 21 of this Code.

20 (105 ILCS 5/1H-41 new)

21 Sec. 1H-41. Superintendent. The Panel may employ a  
22 superintendent who, under the direction of the Panel or the  
23 chief executive officer employed by the Panel, shall have all  
24 of the powers and duties of a school district superintendent

1 under this Code assigned by the Panel and such other duties as  
2 may be assigned by the Panel in accordance with this Code. The  
3 superintendent shall report to the Panel or the chief executive  
4 officer employed by the Panel. The superintendent shall hold a  
5 certificate with a superintendent endorsement issued under  
6 Article 21 of this Code.

7 (105 ILCS 5/1H-42 new)

8 Sec. 1H-42. Chief school business official. The Panel may  
9 employ a chief school business official who, under the  
10 direction of the Panel or the chief executive officer employed  
11 by the Panel, shall have all of the powers and duties of a  
12 chief school business official under this Code assigned by the  
13 Panel and such other duties as may be assigned by the Panel in  
14 accordance with this Code. The chief school business official  
15 shall report to the Panel or the chief executive officer  
16 employed by the Panel. The chief school business official shall  
17 hold a certificate with a chief school business official  
18 endorsement issued under Article 21 of this Code.

19 (105 ILCS 5/1H-43 new)

20 Sec. 1H-43. School treasurer.

21 (a) In Class I county school units and in each school  
22 district that forms a part of a Class II county school unit but  
23 has withdrawn from the jurisdiction and authority of the  
24 trustees of schools of the township in which the school

1 district is located and from the jurisdiction and authority of  
2 the township treasurer in the Class II county school unit, the  
3 Panel may, in its discretion, remove the treasurer appointed or  
4 elected by the school board of the district and appoint a new  
5 treasurer to succeed the removed treasurer, as provided in  
6 Section 8-19 of this Code.

7 (b) In the case of a school district located in a Class II  
8 county school unit where such school district is subject to the  
9 jurisdiction and authority of township trustees and the  
10 jurisdiction and authority of a township treasurer, the Panel  
11 may, in its discretion, withdraw the district from the  
12 jurisdiction and authority of the township trustees and the  
13 jurisdiction and authority of the township treasurer,  
14 notwithstanding any provision of Section 8-1 of this Code other  
15 than subsection (f) to the contrary, and appoint or elect a  
16 school treasurer for the school district. Subsection (f) of  
17 Section 8-1 of this Code shall govern the transfer from the  
18 township treasurer to the school treasurer.

19 (c) All school treasurers appointed or elected pursuant to  
20 this Section are subject to the provisions of Sections 8-2  
21 through 8-20 of the School Code and other applicable provisions  
22 of the School Code.

23 (105 ILCS 5/1H-45 new)

24 Sec. 1H-45. Collective bargaining agreements. The Panel  
25 shall have the power to negotiate collective bargaining

1 agreements with the district's employees in lieu of and on  
2 behalf of the district. Upon concluding bargaining, the  
3 district shall execute the agreements negotiated by the Panel,  
4 and the district and the Panel shall be bound by and shall  
5 administer the agreements in all respects as if the agreements  
6 had been negotiated by the district itself.

7 (105 ILCS 5/1H-50 new)

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

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

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

16 (105 ILCS 5/1H-55 new)

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

18 (a) The Panel shall require the district or any officer of  
19 the district, including the district's treasurer, to establish  
20 and maintain separate cash accounts and separate bank accounts  
21 in accordance with such rules, standards, and procedures as the  
22 Panel may prescribe.

23 (b) The Panel shall have the power to assume exclusive  
24 administration of the cash accounts and bank accounts of the

1 district, to establish and maintain whatever new cash accounts  
2 and bank accounts it may deem appropriate, and to withdraw  
3 funds from these accounts for the lawful expenditures of the  
4 district.

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

6 Sec. 1H-60. Financial, management, and budgetary  
7 structure. Upon direction of the Panel, the district shall  
8 reorganize the financial accounts, management, and budgetary  
9 systems of the district in whatever manner that is consistent  
10 with the rules adopted by the State Board of Education  
11 regarding accounting, budgeting, financial reporting, and  
12 auditing as the Panel deems appropriate to achieve greater  
13 financial responsibility and to reduce financial inefficiency.

14 (105 ILCS 5/1H-65 new)

15 Sec. 1H-65. School District Emergency Financial Assistance  
16 Fund; grants and loans.

17 (a) Moneys in the School District Emergency Financial  
18 Assistance Fund established under Section 1B-8 of this Code may  
19 be allocated and expended by the State Board for contractual  
20 services to provide technical assistance and consultation to  
21 school districts to assess their financial condition or to  
22 panels that petition for emergency financial assistance grants  
23 and by the Illinois Finance Authority as loans to school  
24 districts that are the subject of an approved petition for

1 emergency financial assistance under Section 1B-4, 1F-62, or  
2 1H-65 of this Code. Neither the State Board nor the Illinois  
3 Finance Authority may collect any fees for providing these  
4 services. From the amount allocated to each such school  
5 district, the State Board shall identify a sum sufficient to  
6 cover all approved costs of the Panel established for the  
7 respective school district. If the State Board and State  
8 Superintendent have not approved emergency financial  
9 assistance in conjunction with the appointment of a Panel, the  
10 Panel's approved costs shall be paid from deductions from the  
11 district's general State aid. An emergency financial  
12 assistance loan to a Panel or borrowing from sources other than  
13 the State shall not be considered as part of the calculation of  
14 a district's debt for purposes of the limitation specified in  
15 Section 19-1 of this Code.

16 (b) The Panel may prepare and file with the State  
17 Superintendent a proposal for emergency financial assistance  
18 for the district and for its operations budget. The State  
19 Superintendent may not authorize any expenditures until he or  
20 she has approved the proposal of the Panel, either as submitted  
21 or in such lesser amount as determined by the State  
22 Superintendent. A district may receive both a loan and a grant.  
23 State emergency financial assistance allocated and paid to a  
24 Panel under this Article may be applied to any fund or funds  
25 from which the Panel is authorized to make expenditures by law.  
26 Any State emergency financial assistance proposed by the Panel

1 and approved by the State Superintendent may be paid in its  
2 entirety during the initial year of the Panel's existence or  
3 spread in equal or variable amounts over a period of years not  
4 to exceed the period of the Panel's existence.

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

13 (d) The amount of an emergency financial assistance loan  
14 that may be allocated to a Panel under this Article, including  
15 (i) moneys necessary for the operations of the Panel and (ii)  
16 borrowing from sources other than the State, must not exceed,  
17 in the aggregate, \$4,000 times the number of pupils enrolled in  
18 the district during the school year ending June 30 prior to the  
19 date of approval of the petition for emergency financial  
20 assistance by the State Board. However, this limitation does  
21 not apply to borrowing by the district secured by amounts  
22 levied by the district prior to establishment of the Panel. The  
23 State Superintendent may not approve any loan to the Panel  
24 unless the Panel has been unable to borrow sufficient funds to  
25 operate the district.

26 All loan payments made from the School District Emergency

1 Financial Assistance Fund to a Panel must be required to be  
2 repaid not later than the date the Panel ceases to exist, with  
3 simple interest over the term of the loan at a rate equal to  
4 50% of the one-year Constant Maturity Treasury (CMT) yield as  
5 last published by the Board of Governors of the Federal Reserve  
6 System before the date on which the Financial Oversight Panel's  
7 loan is approved by the State Superintendent.

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

23 In establishing the terms and conditions for the repayment  
24 obligation of the Panel, the Panel shall annually determine  
25 whether a separate local property tax levy is required to meet  
26 that obligation. The Financial Oversight Panel shall provide

1 for a separate tax levy for emergency financial assistance  
2 repayment purposes. This tax levy is not subject to referendum  
3 approval. The amount of the levy must not exceed the amount  
4 necessary to meet the annual emergency financial repayment  
5 obligations of the district, including principal and interest,  
6 as established by the Panel, and is not subject to the  
7 provisions of the Property Tax Extension Limitation Law.

8 (105 ILCS 5/1H-70 new)

9 Sec. 1H-70. Power to issue bonds.

10 (a) The Panel may incur indebtedness by the issuance of  
11 negotiable full faith and credit general obligation bonds of  
12 the Panel in an outstanding amount not to exceed at any time,  
13 including existing indebtedness, 15% of the district's most  
14 recent equalized assessed valuation, excluding Bonds of the  
15 Panel that have been refunded, for (i) the purpose of providing  
16 the district with moneys for ordinary and necessary  
17 expenditures and other operational needs of the district; (ii)  
18 payment or refunding of outstanding debt obligations or tax  
19 anticipation warrants of the district, the proceeds of which  
20 were used to provide financing for the district; (iii) payment  
21 of fees for arrangements as provided in subsection (b) of  
22 Section 1H-75 of this Code; (iv) payment of interest on Bonds;  
23 (v) establishment of reserves to secure Bonds; (vi) the payment  
24 of costs of issuance of Bonds; (vii) payment of principal of or  
25 interest or redemption premium on any Bonds or notes of the

1 Panel; and (viii) all other expenditures of the Panel  
2 incidental to and necessary or convenient for carrying out its  
3 corporate purposes and powers.

4 (b) The Panel may from time to time (i) issue Bonds to  
5 refund any outstanding Bonds or notes of the Panel, whether the  
6 Bonds or notes to be refunded have or have not matured or  
7 become redeemable, and (ii) issue Bonds partly to refund Bonds  
8 or notes then outstanding and partly for any other purpose set  
9 forth in this Section.

10 (c) Bonds issued in accordance with subsection (a) of this  
11 Section are not subject to any other statutory limitation as to  
12 debt, including without limitation that established by the  
13 Local Government Debt Limitation Act, and may be issued without  
14 referendum.

15 (105 ILCS 5/1H-75 new)

16 Sec. 1H-75. Terms of bonds.

17 (a) Whenever the Panel desires or is required to issue  
18 Bonds as provided in this Article, it shall adopt a resolution  
19 designating the amount of the Bonds to be issued, the purposes  
20 for which the proceeds of the Bonds are to be used, and the  
21 manner in which the proceeds shall be held pending the  
22 application thereof. The Bonds shall be issued in the corporate  
23 name of the Panel and shall bear such date or dates and shall  
24 mature at such time or times, not exceeding 20 years from their  
25 date, as the resolution may provide. The Bonds may be issued as

1 serial bonds payable in installments, as term bonds with  
2 sinking fund installments, or as a combination of these as the  
3 Panel may determine in the resolution. The Bonds shall be in  
4 such denominations as the Panel may determine. The Bonds shall  
5 be in such form, carry such registration privileges, be  
6 executed in such manner, be payable at such place or places,  
7 and be subject to such terms of redemption at such redemption  
8 prices, including premium, as the resolution may provide. The  
9 Bonds shall be sold by the Panel at public or private sale, as  
10 determined by the Panel.

11 (b) In connection with the issuance of its Bonds, the Panel  
12 may enter into arrangements to provide additional security and  
13 liquidity for the Bonds. These may include without limitation  
14 municipal bond insurance, letters of credit, lines of credit by  
15 which the Panel may borrow funds to pay or redeem its Bonds,  
16 and purchase or remarketing arrangements for ensuring the  
17 ability of owners of the Panel's Bonds to sell their Bonds or  
18 to have their Bonds redeemed. The Panel may enter into  
19 contracts and may agree to pay fees to persons providing the  
20 arrangements, including from Bond proceeds, but only under  
21 circumstances in which the total interest paid or to be paid on  
22 the Bonds, together with the fees for the arrangements (being  
23 treated as if interest), would not, taken together, cause the  
24 Bonds to bear interest, calculated to their absolute maturity,  
25 at a rate in excess of the maximum rate allowed by law.

26 The resolution of the Panel authorizing the issuance of its

1 Bonds may provide that interest rates may vary from time to  
2 time depending upon criteria established by the Panel, which  
3 may include without limitation a variation in interest rates as  
4 may be necessary to cause the Bonds to be remarketable from  
5 time to time at a price equal to their principal amount, and  
6 may provide for appointment of a national banking association,  
7 bank, trust company, investment banker, or other financial  
8 institution to serve as a remarketing agent in that connection.  
9 The resolution of the Panel authorizing the issuance of its  
10 Bonds may provide that alternative interest rates or provisions  
11 shall apply during such times as the Bonds are held by a person  
12 providing a letter of credit or other credit enhancement  
13 arrangement for those Bonds.

14 (105 ILCS 5/1H-80 new)

15 Sec. 1H-80. Tax levy.

16 (a) Before or at the time of issuing any Bonds, the Panel  
17 shall provide by resolution for the levy and collection of a  
18 direct annual tax upon all the taxable property located within  
19 the district, without limit as to rate or amount, sufficient to  
20 pay and discharge the principal thereof at maturity or on  
21 sinking fund installment dates and to pay the interest thereon  
22 as it falls due. The taxes as levied shall also include  
23 additional amounts to the extent that the collections in the  
24 prior years were insufficient to pay and discharge the  
25 principal thereof at maturity, sinking fund installments, if

1 any, and interest thereon as it fell due, and the amount so  
2 collected shall be placed in the debt service reserve fund. The  
3 tax shall be in addition to and exclusive of the maximum of all  
4 taxes that the Panel or the district is authorized by law to  
5 levy for any and all school purposes. The resolution shall be  
6 in force upon its adoption.

7 (b) The levy shall be for the sole benefit of the holders  
8 of the Bonds, and the holders of the Bonds shall have a  
9 security interest in and lien upon all rights, claims, and  
10 interests of the Panel arising pursuant to the levy and all  
11 present and future proceeds of the levy until the principal of  
12 and sinking fund installments and interest on the Bonds are  
13 paid in full. All proceeds from the levy shall be deposited by  
14 each county collector directly into the debt service fund  
15 established pursuant to Section 1H-85 of this Code, shall be  
16 applied solely for the payment of principal of and sinking fund  
17 installments and interest on the Bonds, and shall not be used  
18 for any other purpose.

19 (c) Upon the filing in the office of the county clerk of  
20 each county where the school district is located of a duly  
21 certified copy of the resolution, it shall be the duty of each  
22 county clerk to extend the tax provided for in the resolution,  
23 including an amount determined by the Panel to cover loss and  
24 cost of collection and also deferred collections and abatements  
25 in the amount of the taxes as extended on the collectors'  
26 books. The tax shall be separate and apart from all other taxes

1 of the Panel or the district and shall be separately identified  
2 by the collectors.

3 (105 ILCS 5/1H-85 new)

4 Sec. 1H-85. Debt service fund. The Panel shall establish a  
5 debt service fund for the Bonds, to be maintained by a paying  
6 agent, escrow agent, depository, or corporate trustee, which  
7 may be any trust company or bank having the power of a trust  
8 company within this State, separate and segregated from all  
9 other funds and accounts of the Panel and the district. All  
10 moneys on deposit in the debt service fund shall be held in  
11 trust in the debt service fund for the benefit of the holders  
12 of the Bonds, shall be applied solely for the payment of the  
13 principal of and sinking fund installment, redemption premium,  
14 if any, and interest on the Bonds, and shall not be used for  
15 any other purpose. The holders of the Bonds shall have a  
16 security interest in and lien upon all such moneys.

17 (105 ILCS 5/1H-90 new)

18 Sec. 1H-90. Debt service reserve fund.

19 (a) The Panel may create and establish a debt service  
20 reserve fund to be maintained by a paying agent, escrow agent,  
21 depository, or corporate trustee, which may be any trust  
22 company or bank having the power of a trust company within the  
23 State, separate and segregated from all other funds and  
24 accounts of the Panel. The Panel may pay the following into the

1 debt service reserve fund:

2 (1) any proceeds from the sale of Bonds to the extent  
3 provided in the resolution authorizing the issuance of the  
4 Bonds; and

5 (2) any other moneys that may be available to the Panel  
6 for the purpose of the fund.

7 (b) The amount to be accumulated in the debt service  
8 reserve fund shall be determined by the Panel, but shall not  
9 exceed the maximum amount of interest, principal, and sinking  
10 fund installments due in any succeeding calendar year.

11 (c) All moneys on deposit in the debt service reserve fund  
12 shall be held in trust for the benefit of the holders of the  
13 Bonds, shall be applied solely for the payment of principal of  
14 and sinking fund installments and interest on the Bonds to the  
15 extent not paid from the debt service fund, and shall not be  
16 used for any other purpose.

17 (d) Any moneys in the debt service reserve fund in excess  
18 of the amount determined by the Panel pursuant to a resolution  
19 authorizing the issuance of Bonds may be withdrawn by the Panel  
20 and used for any of its lawful purposes.

21 (e) In computing the amount of the debt service reserve  
22 fund, investments shall be valued as the Panel provides in the  
23 resolution authorizing the issuance of the Bonds.

24 (105 ILCS 5/1H-95 new)

25 Sec. 1H-95. Bond anticipation notes.

1       (a) After the issuance of Bonds has been authorized, the  
2 Panel shall have power to issue from time to time, pursuant to  
3 a resolution or resolutions of the Panel, negotiable bond  
4 anticipation notes of the Panel in anticipation of the issuance  
5 of Bonds.

6       (b) Bond anticipation notes shall mature not later than 2  
7 years after the date of issuance, may be made redeemable prior  
8 to their maturity, and may be sold in such manner, in such  
9 denominations, and at such price or prices and shall bear  
10 interest at such rate or rates not to exceed the maximum annual  
11 rate authorized by law as a resolution authorizing the issuance  
12 of the bond anticipation notes may provide.

13       (c) The bond anticipation notes may be made payable as to  
14 both principal and interest from the proceeds of the Bonds. The  
15 Panel may provide for payment of interest on the bond  
16 anticipation notes from direct annual taxes upon all of the  
17 taxable property located within the district that are  
18 authorized to be levied annually for that purpose, without  
19 limit as to rate or amount, sufficient to pay the interest as  
20 it falls due, in the manner, subject to the security interest  
21 and lien, and with the effect provided in Section 1H-80 of this  
22 Code.

23       (d) The Panel is authorized to issue renewal notes in the  
24 event it is unable to issue Bonds to pay outstanding bond  
25 anticipation notes, on terms the Panel deems reasonable.

26       (e) A debt service fund shall be established in the manner

1 provided in Section 1H-85 of this Code by the Panel for the  
2 bond anticipation notes, and the proceeds of any tax levy made  
3 pursuant to this Section shall be deposited into the fund upon  
4 receipt.

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

6 Sec. 1H-100. Vesting powers in trustee or other authorized  
7 agent. The resolution authorizing issuance of the Bonds shall  
8 vest in a trustee, paying agent, escrow agent, or depository  
9 such rights, powers, and duties in trust as the Panel may  
10 determine and may contain such provisions for protecting and  
11 enforcing the rights and remedies of the holders of the Bonds  
12 and limiting such rights and remedies as may be reasonable and  
13 proper and not in violation of law, including covenants setting  
14 forth the duties of the Panel in relation to the exercise of  
15 its corporate powers and the custody, safeguarding, and  
16 application of all moneys. The resolution shall provide for the  
17 manner in which moneys in the various funds and accounts of the  
18 Panel may be invested and the disposition of the earnings on  
19 the investments.

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

21 Sec. 1H-105. Discharge of bonds.

22 (a) If the Panel pays or causes to be paid to the holders  
23 of all Bonds then outstanding the principal, redemption price,  
24 if any, and interest to become due on the Bonds, at the times

1 and in the manner stipulated therein and in the resolution  
2 authorizing the issuance of the Bonds, then the covenants,  
3 agreements, and other obligations of the Panel to the  
4 Bondholders shall be discharged and satisfied.

5 (b) Bonds or interest installments for the payment or  
6 redemption of which moneys have been set aside and held in  
7 trust by the trustee or other authorized agent provided for in  
8 Section 1H-100 of this Code, through deposit by the Panel of  
9 funds for the payment, redemption, or otherwise, at the  
10 maturity or redemption date, are deemed to have been paid  
11 within the meaning and with the effect expressed in subsection  
12 (a) of this Section. All outstanding Bonds of any series, prior  
13 to the maturity or redemption date, are deemed to have been  
14 paid within the meaning and with the effect expressed in  
15 subsection (a) of this Section if (1) there has been deposited  
16 with the trustee or other authorized agent either (A) moneys in  
17 an amount that is sufficient or (B) direct obligations of the  
18 United States of America the principal of and the interest on  
19 which, when due, will provide moneys that, together with the  
20 moneys, if any, deposited with the trustee or other authorized  
21 agent at the same time, are sufficient to pay, when due, the  
22 principal, sinking fund installment, or redemption price, if  
23 applicable, of and interest due and to become due on the Bonds  
24 on and prior to the redemption date, sinking fund installment  
25 date, or maturity date, as the case may be, and (2) the Panel  
26 has given the trustee or other authorized agent, in form

1 satisfactory to it, irrevocable instructions to give notice to  
2 the effect and in accordance with the procedures provided in  
3 the resolution authorizing the issuance of the Bonds. Neither  
4 direct obligations of the United States of America, moneys  
5 deposited with the trustee or other authorized agent, or  
6 principal or interest payments on the securities shall be  
7 withdrawn or used for any purpose other than, and shall be held  
8 in trust for, the payment of the principal or redemption price,  
9 if applicable, and interest on the Bonds.

10 (105 ILCS 5/1H-110 new)

11 Sec. 1H-110. Pledge of the State. The State of Illinois  
12 pledges to and agrees with the holders of Bonds that the State  
13 will not limit or alter the rights and powers vested in the  
14 Panel by this Article with respect to the issuance of  
15 obligations so as to impair the terms of any contract made by  
16 the Panel with these holders or in any way impair the rights  
17 and remedies of these holders until the Bonds, together with  
18 interest on the Bonds, interest on any unpaid installments of  
19 interest, and all costs and expenses in connection with any  
20 action or proceedings by or on behalf of these holders, are  
21 fully met and discharged or provisions made for their payment.  
22 The Panel is authorized to include this pledge and agreement of  
23 the State in any resolution or contract with the holders of  
24 Bonds.

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

2 Sec. 1H-115. Statutory lien. Any pledge, assignment, lien,  
3 or security interest for the benefit of the holders of Bonds or  
4 bond anticipation notes, if any, created pursuant to this  
5 Article are valid and binding from the time the Bonds are  
6 issued, without any physical delivery or further act, and are  
7 valid and binding as against and prior to any claims of all  
8 other parties having claims of any kind in tort, contract, or  
9 otherwise against the State, the Panel, the district, or any  
10 other person, irrespective of whether the other parties have  
11 notice.

12 (105 ILCS 5/1H-120 new)

13 Sec. 1H-120. State or district not liable on obligations.  
14 Obligations shall not be deemed to constitute (i) a debt or  
15 liability of the State, the district, or any political  
16 subdivision of the State or district other than the Panel or  
17 (ii) a pledge of the full faith and credit of the State, the  
18 district, or any political subdivision of the State or district  
19 other than the Panel but shall be payable solely from the funds  
20 and revenues provided for in this Article. The issuance of  
21 obligations shall not directly, indirectly, or contingently  
22 obligate the State, the district, or any political subdivision  
23 of the State or district other than the Panel to levy any form  
24 of taxation therefor or to make any appropriation for their  
25 payment. Nothing in this Section shall prevent or be construed

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

18 (105 ILCS 5/1H-125 new)

19 Sec. 1H-125. Obligations as legal investments. The  
20 obligations issued under the provisions of this Article are  
21 hereby made securities in which all public officers and bodies  
22 of this State, all political subdivisions of this State, all  
23 persons carrying on an insurance business, all banks, bankers,  
24 trust companies, savings banks, and savings associations  
25 (including savings and loan associations, building and loan

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

12 (105 ILCS 5/1H-130 new)

13 Sec. 1H-130. Complete authority. This Article, without  
14 reference to any other law, shall be deemed full and complete  
15 authority for the issuance of Bonds and bond anticipation notes  
16 as provided in this Article.

17 (105 ILCS 5/1H-135 new)

18 Sec. 1H-135. Tax anticipation warrants, tax anticipation  
19 notes, revenue anticipation certificated or notes, general  
20 State aid anticipation certificates, and lines of credit. A  
21 Panel shall have the same power as a school district to do the  
22 following:

23 (1) issue tax anticipation warrants under Section  
24 17-16 of this Code;

1           (2) issue tax anticipation notes under the Tax  
2           Anticipation Note Act;

3           (3) issue revenue anticipation certificates or notes  
4           under the Revenue Anticipation Act;

5           (4) issue general State aid anticipation certificates  
6           under Section 18-18 of this Code; and

7           (5) establish and utilize lines of credit under Section  
8           17-17 of this Code.

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

14           (105 ILCS 5/1H-140 new)

15           Sec. 1H-140. Reports.

16           (a) The Panel, upon taking office and annually thereafter,  
17          shall prepare and submit to the Governor, General Assembly, and  
18          State Superintendent a report that includes the audited  
19          financial statement for the preceding fiscal year prepared and  
20          audited in compliance with the provisions of Sections 3-7 and  
21          3-15.1 of this Code, an approved financial plan, and a  
22          statement of the major steps necessary to accomplish the  
23          objectives of the financial plan.

24           (b) Annual reports must be submitted on or before March 1  
25          of each year.

1       (c) The requirement for reporting to the General Assembly  
2       shall be satisfied by filing copies of the report as provided  
3       in Section 3.1 of the General Assembly Organization Act and by  
4       filing additional copies with the State Government Report  
5       Distribution Center for the General Assembly as required under  
6       subdivision (t) of Section 7 of the State Library Act.

7           (105 ILCS 5/1H-145 new)

8       Sec. 1H-145. Audit of Panel. The State Superintendent may  
9       require a separate audit of the Panel, otherwise the activities  
10       of the Panel must be included in the scope of the audit of the  
11       school district. A copy of the audit report covering the Panel  
12       must be submitted to the State Superintendent.

13           (105 ILCS 5/1H-150 new)

14       Sec. 1H-150. Assistance by State agencies, units of local  
15       government, and school districts. The district shall render  
16       such services to and permit the use of its facilities and  
17       resources by the Panel at no charge as may be requested by the  
18       Panel. Any State agency, unit of local government, or school  
19       district may, within its lawful powers and duties, render such  
20       services to the Panel as may be requested by the Panel. Upon  
21       request of the Panel, any State agency, unit of local  
22       government, or school district is authorized and empowered to  
23       loan to the Panel such officers and employees as the Panel may  
24       deem necessary in carrying out its functions and duties.

1 Officers and employees so transferred shall not lose or forfeit  
2 their employment status or rights.

3 (105 ILCS 5/1H-155 new)

4 Sec. 1H-155. Property of Panel exempt from taxation. The  
5 property of the Panel is exempt from taxation.

6 (105 ILCS 5/1H-160 new)

7 Sec. 1H-160. Sanctions.

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

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

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

1 upon learning that any such information is false or misleading,  
2 may fail promptly to advise the Panel or its agents.

3 (d) In addition to any penalty or liability under any other  
4 law, any member, officer, employee, or agent of the district  
5 who violates subsection (a), (b), or (c) of this Section is  
6 subject to appropriate administrative discipline as may be  
7 imposed by the Panel, including, if warranted, suspension from  
8 duty without pay, removal from office, or termination of  
9 employment.

10 (105 ILCS 5/1H-165 new)

11 Sec. 1H-165. Abolition of Panel. The Panel shall be  
12 abolished 10 years after its creation or one year after all its  
13 obligations issued under the provisions of this Article have  
14 been fully paid and discharged, whichever comes later. However,  
15 the State Board, upon recommendation of the Panel and if no  
16 obligations are outstanding, may abolish the Panel at any time  
17 after the Panel has been in existence for 3 years. Upon the  
18 abolition of the Panel, all of its records shall be transferred  
19 to the State Board and any property of the Panel shall pass to  
20 and be vested in the State Board.

21 (105 ILCS 5/1H-170 new)

22 Sec. 1H-170. Indemnification; legal representation;  
23 limitations of actions after abolition.

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

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

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

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

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

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

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

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

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

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

15 (c) Abolition of the Panel pursuant to Section 1H-165 of  
16 this Code shall bar any remedy available against the Panel, its  
17 members, employees, or agents for any right or claim existing  
18 or any liability incurred prior to the abolition, unless the  
19 action or other proceeding is commenced prior to the expiration  
20 of 2 years after the date of the abolition.

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

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

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

1 total of all moneys received in each fund, and the total of the  
2 orders countersigned or checks signed with respect to each  
3 fund, and extend the balances and the aggregate cash balance  
4 for all funds ~~balance~~ at least monthly. The treasurer ~~and~~ shall  
5 reconcile such balances ~~balance~~ with the accounting or  
6 bookkeeping department of the district in conformity with a  
7 template provided by the State Board of Education monthly, and  
8 a copy of such a reconciliation must be submitted by the school  
9 board to the State Board of Education within 30 days after  
10 receipt from the treasurer.

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

12 (105 ILCS 5/10-16.9 new)

13 Sec. 10-16.9. Bank reconciliation reports. Within 30 days  
14 after receipt of the book reconciliation reports from the  
15 school treasurer as required pursuant to Section 8-6 of this  
16 Code, the school board shall submit to the State Board of  
17 Education a reconciliation report in conformity with the  
18 template provided by the State Board of Education.

19 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

20 Sec. 17-1. Annual Budget. The board of education of each  
21 school district under 500,000 inhabitants shall, within or  
22 before the first quarter of each fiscal year, adopt and file  
23 with the State Board of Education an annual balanced budget  
24 which it deems necessary to defray all necessary expenses and

1 liabilities of the district, and in such annual budget shall  
2 specify the objects and purposes of each item and amount needed  
3 for each object or purpose.

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

22 To the extent that a school district's budget is not  
23 balanced, the district shall also adopt and file with the State  
24 Board of Education a deficit reduction plan to balance the  
25 district's budget within 3 years. The deficit reduction plan  
26 must be filed at the same time as the budget, but the State

1 Superintendent of Education may extend this deadline if the  
2 situation warrants.

3 If, as the result of an audit performed in compliance with  
4 Section 3-7 of this Code, the resulting annual financial report  
5 required to be submitted pursuant to Section 3-15.1 of this  
6 Code reflects a deficit, as defined for purposes of the  
7 preceding paragraph; then the district shall, within 30 days  
8 after acceptance of such audit report, submit a deficit  
9 reduction plan.

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

1 tax levy and is not a limit on the amount of the levy.

2 Such budget shall be prepared in tentative form by some  
3 person or persons designated by the board, and in such  
4 tentative form shall be made conveniently available to public  
5 inspection for at least 30 days prior to final action thereon.  
6 At least 1 public hearing shall be held as to such budget prior  
7 to final action thereon. Notice of availability for public  
8 inspection and of such public hearing shall be given by  
9 publication in a newspaper published in such district, at least  
10 30 days prior to the time of such hearing. If there is no  
11 newspaper published in such district, notice of such public  
12 hearing shall be given by posting notices thereof in 5 of the  
13 most public places in such district. It shall be the duty of  
14 the secretary of such board to make such tentative budget  
15 available to public inspection, and to arrange for such public  
16 hearing. The board may from time to time make transfers between  
17 the various items in any fund not exceeding in the aggregate  
18 10% of the total of such fund as set forth in the budget. The  
19 board may from time to time amend such budget by the same  
20 procedure as is herein provided for its original adoption.

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

1           The State Board of Education shall exercise powers and  
2 duties relating to budgets as provided in Section 2-3.27 of  
3 this Code and shall require school districts to submit their  
4 annual budgets, deficit reduction plans, and other financial  
5 information, including revenue and expenditure reports and  
6 borrowing and interfund transfer plans, in such form and within  
7 the timelines designated by the State Board of Education.

8           By fiscal year 1982 all school districts shall use the  
9 Program Budget Accounting System.

10          In the case of a school district receiving emergency State  
11 financial assistance under Article 1B, the school board shall  
12 also be subject to the requirements established under Article  
13 1B with respect to the annual budget.

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

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

17           (115 ILCS 5/2) (from Ch. 48, par. 1702)

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

19           (a) "Educational employer" or "employer" means the  
20 governing body of a public school district, including the  
21 governing body of a charter school established under Article  
22 27A of the School Code or of a contract school or contract  
23 turnaround school established under paragraph 30 of Section  
24 34-18 of the School Code, combination of public school

1 districts, including the governing body of joint agreements of  
2 any type formed by 2 or more school districts, public community  
3 college district or State college or university, a  
4 subcontractor of instructional services of a school district  
5 (other than a school district organized under Article 34 of the  
6 School Code), combination of school districts, charter school  
7 established under Article 27A of the School Code, or contract  
8 school or contract turnaround school established under  
9 paragraph 30 of Section 34-18 of the School Code, and any State  
10 agency whose major function is providing educational services.

11 "Educational employer" or "employer" does not include (1) a  
12 Financial Oversight Panel created pursuant to Section 1A-8 of  
13 the School Code due to a district violating a financial plan or  
14 (2) an approved nonpublic special education facility that  
15 contracts with a school district or combination of school  
16 districts to provide special education services pursuant to  
17 Section 14-7.02 of the School Code, but does include a School  
18 Finance Authority created under Article 1E or 1F of the School  
19 Code and a Financial Oversight Panel created under Article 1B  
20 or 1H of the School Code. The change made by this amendatory  
21 Act of the 96th General Assembly to this paragraph (a) to make  
22 clear that the governing body of a charter school is an  
23 "educational employer" is declaratory of existing law.

24 (b) "Educational employee" or "employee" means any  
25 individual, excluding supervisors, managerial, confidential,  
26 short term employees, student, and part-time academic

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

17 (c) "Employee organization" or "labor organization" means  
18 an organization of any kind in which membership includes  
19 educational employees, and which exists for the purpose, in  
20 whole or in part, of dealing with employers concerning  
21 grievances, employee-employer disputes, wages, rates of pay,  
22 hours of employment, or conditions of work, but shall not  
23 include any organization which practices discrimination in  
24 membership because of race, color, creed, age, gender, national  
25 origin or political affiliation.

26 (d) "Exclusive representative" means the labor

1 organization which has been designated by the Illinois  
2 Educational Labor Relations Board as the representative of the  
3 majority of educational employees in an appropriate unit, or  
4 recognized by an educational employer prior to January 1, 1984  
5 as the exclusive representative of the employees in an  
6 appropriate unit or, after January 1, 1984, recognized by an  
7 employer upon evidence that the employee organization has been  
8 designated as the exclusive representative by a majority of the  
9 employees in an appropriate unit.

10 (e) "Board" means the Illinois Educational Labor Relations  
11 Board.

12 (f) "Regional Superintendent" means the regional  
13 superintendent of schools provided for in Articles 3 and 3A of  
14 The School Code.

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

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

1           (i) "Person" includes an individual, educational employee,  
2 educational employer, legal representative, or employee  
3 organization.

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

6           (k) "Professional employee" means, in the case of a public  
7 community college, State college or university, State agency  
8 whose major function is providing educational services, the  
9 Illinois School for the Deaf, and the Illinois School for the  
10 Visually Impaired, (1) any employee engaged in work (i)  
11 predominantly intellectual and varied in character as opposed  
12 to routine mental, manual, mechanical, or physical work; (ii)  
13 involving the consistent exercise of discretion and judgment in  
14 its performance; (iii) of such character that the output  
15 produced or the result accomplished cannot be standardized in  
16 relation to a given period of time; and (iv) requiring  
17 knowledge of an advanced type in a field of science or learning  
18 customarily acquired by a prolonged course of specialized  
19 intellectual instruction and study in an institution of higher  
20 learning or a hospital, as distinguished from a general  
21 academic education or from an apprenticeship or from training  
22 in the performance of routine mental, manual, or physical  
23 processes; or (2) any employee, who (i) has completed the  
24 courses of specialized intellectual instruction and study  
25 described in clause (iv) of paragraph (1) of this subsection,  
26 and (ii) is performing related work under the supervision of a

1 professional person to qualify himself or herself to become a  
2 professional as defined in paragraph (l).

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

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

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

17 (o) "Managerial employee" means an individual who is  
18 engaged predominantly in executive and management functions  
19 and is charged with the responsibility of directing the  
20 effectuation of such management policies and practices.

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

23 (q) "Short-term employee" is an employee who is employed  
24 for less than 2 consecutive calendar quarters during a calendar  
25 year and who does not have a reasonable expectation that he or  
26 she will be rehired by the same employer for the same service

1 in a subsequent calendar year. Nothing in this subsection shall  
2 affect the employee status of individuals who were covered by a  
3 collective bargaining agreement on the effective date of this  
4 amendatory Act of 1991.

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

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

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