



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB4101

by Rep. Sue Scherer

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/17-1

from Ch. 122, par. 17-1

Amends the School Code. With respect to the annual budget of a school district with under 500,000 inhabitants, provides that, beginning with the budget for the 2016-2017 school year, 85% of State funding under the State aid formula provisions of the Code must be dedicated to objects and purposes related to classroom teaching. Provides that the State Board of Education shall, by rule, determine which objects and purposes are related to classroom teaching.

LRB099 08431 NHT 28585 b

FISCAL 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 School Code is amended by changing Section  
5 17-1 as follows:

6 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

7 Sec. 17-1. Annual Budget. The board of education of each  
8 school district under 500,000 inhabitants shall, within or  
9 before the first quarter of each fiscal year, adopt and file  
10 with the State Board of Education an annual balanced budget  
11 which it deems necessary to defray all necessary expenses and  
12 liabilities of the district, and in such annual budget shall  
13 specify the objects and purposes of each item and amount needed  
14 for each object or purpose. Beginning with the budget for the  
15 2016-2017 school year, 85% of State funding under Section  
16 18-8.05 of this Code must be dedicated to objects and purposes  
17 related to classroom teaching. The State Board of Education  
18 shall, by rule, determine which objects and purposes are  
19 related to classroom teaching.

20 The budget shall be entered upon a School District Budget  
21 form prepared and provided by the State Board of Education and  
22 therein shall contain a statement of the cash on hand at the  
23 beginning of the fiscal year, an estimate of the cash expected

1 to be received during such fiscal year from all sources, an  
2 estimate of the expenditures contemplated for such fiscal year,  
3 and a statement of the estimated cash expected to be on hand at  
4 the end of such year. The estimate of taxes to be received may  
5 be based upon the amount of actual cash receipts that may  
6 reasonably be expected by the district during such fiscal year,  
7 estimated from the experience of the district in prior years  
8 and with due regard for other circumstances that may  
9 substantially affect such receipts. Nothing in this Section  
10 shall be construed as requiring any district to change or  
11 preventing any district from changing from a cash basis of  
12 financing to a surplus or deficit basis of financing; or as  
13 requiring any district to change or preventing any district  
14 from changing its system of accounting.

15 To the extent that a school district's budget is not  
16 balanced, the district shall also adopt and file with the State  
17 Board of Education a deficit reduction plan to balance the  
18 district's budget within 3 years. The deficit reduction plan  
19 must be filed at the same time as the budget, but the State  
20 Superintendent of Education may extend this deadline if the  
21 situation warrants.

22 If, as the result of an audit performed in compliance with  
23 Section 3-7 of this Code, the resulting Annual Financial Report  
24 required to be submitted pursuant to Section 3-15.1 of this  
25 Code reflects a deficit as defined for purposes of the  
26 preceding paragraph, then the district shall, within 30 days

1 after acceptance of such audit report, submit a deficit  
2 reduction plan.

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

21 Such budget shall be prepared in tentative form by some  
22 person or persons designated by the board, and in such  
23 tentative form shall be made conveniently available to public  
24 inspection for at least 30 days prior to final action thereon.  
25 At least 1 public hearing shall be held as to such budget prior  
26 to final action thereon. Notice of availability for public

1 inspection and of such public hearing shall be given by  
2 publication in a newspaper published in such district, at least  
3 30 days prior to the time of such hearing. If there is no  
4 newspaper published in such district, notice of such public  
5 hearing shall be given by posting notices thereof in 5 of the  
6 most public places in such district. It shall be the duty of  
7 the secretary of such board to make such tentative budget  
8 available to public inspection, and to arrange for such public  
9 hearing. The board may from time to time make transfers between  
10 the various items in any fund not exceeding in the aggregate  
11 10% of the total of such fund as set forth in the budget. The  
12 board may from time to time amend such budget by the same  
13 procedure as is herein provided for its original adoption.

14 Beginning July 1, 1976, the board of education, or regional  
15 superintendent, or governing board responsible for the  
16 administration of a joint agreement shall, by September 1 of  
17 each fiscal year thereafter, adopt an annual budget for the  
18 joint agreement in the same manner and subject to the same  
19 requirements as are provided in this Section.

20 The State Board of Education shall exercise powers and  
21 duties relating to budgets as provided in Section 2-3.27 of  
22 this Code and shall require school districts to submit their  
23 annual budgets, deficit reduction plans, and other financial  
24 information, including revenue and expenditure reports and  
25 borrowing and interfund transfer plans, in such form and within  
26 the timelines designated by the State Board of Education.

1           By fiscal year 1982 all school districts shall use the  
2 Program Budget Accounting System.

3           In the case of a school district receiving emergency State  
4 financial assistance under Article 1B, the school board shall  
5 also be subject to the requirements established under Article  
6 1B with respect to the annual budget.

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