

1 AN ACT regarding schools.

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
5 Sections 27A-11, 27A-11.5, and 34-49 as follows:

6 (105 ILCS 5/27A-11)

7 Sec. 27A-11. Local financing.

8 (a) For purposes of the School Code, pupils enrolled in
9 a charter school shall be included in the pupil enrollment of
10 the school district within which the pupil resides. Each
11 charter school (i) shall determine the school district in
12 which each pupil who is enrolled in the charter school
13 resides, (ii) shall report the aggregate number of pupils
14 resident of a school district who are enrolled in the charter
15 school to the school district in which those pupils reside,
16 and (iii) shall maintain accurate records of daily attendance
17 that shall be deemed sufficient to file claims under Section
18 18-8 notwithstanding any other requirements of that Section
19 regarding hours of instruction and teacher certification.

20 (b) Except for a charter school established by
21 referendum under Section 27A-6.5, as part of a charter school
22 contract, the charter school and the local school board shall
23 agree on funding and any services to be provided by the
24 school district to the charter school. Agreed funding that a
25 charter school is to receive from the local school board for
26 a school year shall be paid in equal quarterly installments
27 with the payment of the installment for the first quarter
28 being made not later than July 1, unless the charter
29 establishes a different payment schedule.

30 All services centrally or otherwise provided by the
31 school district including, but not limited to, rent, food

1 services, custodial services, maintenance, curriculum, media
2 services, libraries, transportation, and warehousing shall be
3 subject to negotiation between a charter school and the local
4 school board and paid for out of the revenues negotiated
5 pursuant to this subsection (b); provided that the local
6 school board shall not attempt, by negotiation or otherwise,
7 to obligate a charter school to provide pupil transportation
8 for pupils for whom a district is not required to provide
9 transportation under the criteria set forth in subsection
10 (a)(13) of Section 27A-7.

11 In no event shall the funding be less than 75% or more
12 than 125% of the school district's per capita student tuition
13 multiplied by the number of students residing in the district
14 who are enrolled in the charter school.

15 It is the intent of the General Assembly that funding and
16 service agreements under this subsection (b) shall be neither
17 a financial incentive nor a financial disincentive to the
18 establishment of a charter school.

19 The charter school may set and collect reasonable fees.
20 Fees collected from students enrolled at a charter school
21 shall be retained by the charter school.

22 (c) Notwithstanding subsection (b) of this Section, the
23 proportionate share of State and federal resources generated
24 by students with disabilities or staff serving them shall be
25 directed to charter schools enrolling those students by their
26 school districts or administrative units. The proportionate
27 share of moneys generated under other federal or State
28 categorical aid programs shall be directed to charter schools
29 serving students eligible for that aid.

30 (d) The governing body of a charter school is authorized
31 to accept gifts, donations, or grants of any kind made to the
32 charter school and to expend or use gifts, donations, or
33 grants in accordance with the conditions prescribed by the
34 donor; however, a gift, donation, or grant may not be

1 accepted by the governing body if it is subject to any
2 condition contrary to applicable law or contrary to the terms
3 of the contract between the charter school and the local
4 school board. Charter schools shall be encouraged to solicit
5 and utilize community volunteer speakers and other
6 instructional resources when providing instruction on the
7 Holocaust and other historical events.

8 (e) (Blank).

9 (f) The State Board shall provide technical assistance,
10 including information that clearly details the process,
11 timelines, and criteria used to prepare and revise charter
12 applications, to persons and groups preparing or revising
13 charter applications. Other information, such as links to
14 external resource organizations, may also be provided.

15 (g) At the non-renewal or revocation of its charter,
16 each charter school shall refund to the local board of
17 education all unspent funds.

18 (h) A charter school is authorized to incur temporary,
19 short term debt to pay operating expenses in anticipation of
20 receipt of funds from the local school board.

21 (i) A charter school may (i) borrow money for the
22 acquisition, construction, renovation, redevelopment, and
23 equipping of school and educational facilities and for such
24 other needs as determined by the governing body of the
25 charter school, at such rates of interest as the governing
26 body may determine, without regard to any referendum
27 requirements, (ii) issue bonds, notes, and other obligations;
28 and (iii) secure any of its obligations, including any
29 obligation arising from the delivery of a guarantee described
30 in subsection (k) of this Section, by pledge, mortgage, or
31 deed on any or all of its property.

32 (j) The governing body of a charter school may pledge,
33 as security for the payment of its obligations, grants or
34 other revenues expected to be received from the local school

1 board, the State, or the federal government or gifts,
2 donations, or grants of any kind expected to be received by
3 the charter school from any source.

4 Any such pledge is valid and binding from the time the
5 pledge is made. The revenues, moneys, and other funds so
6 pledged and thereafter received by the charter school shall
7 immediately be subject to the lien of the pledge without any
8 physical delivery thereof or further act; and, subject only
9 to the provisions of prior agreements, the lien of the pledge
10 shall be valid and binding against all parties having claims
11 of any kind in tort, contract, or otherwise against the
12 charter school irrespective of whether these parties have
13 notice thereof. No ordinance, resolution, trust agreement,
14 or other instrument by which the pledge is created needs to
15 be filed or recorded except in the records of the charter
16 school.

17 The State Treasurer, the State Comptroller, the
18 Department of Revenue, the Department of Transportation, the
19 State Superintendent of Education, any regional
20 superintendent of schools, and the local school board shall
21 deposit or cause to be deposited any amount of grants or
22 other revenues expected to be received by a charter school
23 from that official, entity, or local school board that have
24 been pledged to the payment of obligations of the charter
25 school, in accordance with the authorization of the charter
26 school, directly into a designated escrow account established
27 by and at the direction of the charter school. The
28 resolution authorizing that deposit shall, within 10 days
29 after adoption by the governing body of the charter school,
30 be filed with the official, entity, or local school board
31 having custody of the pledged grants or other revenues.

32 (k) A local school board may guarantee the repayment or
33 otherwise enhance the credit of all or any portion of the
34 debt obligations of a charter school located in the school

1 district, without regard to any referendum requirements and
 2 subject to the terms negotiated between the local school
 3 board and the governing body of the charter school, provided
 4 that the term of any such guarantee or credit enhancement
 5 does not exceed 30 years.

6 (Source: P.A. 90-548, eff. 1-1-98; 90-757, eff. 8-14-98;
 7 91-407, eff. 8-3-99.)

8 (105 ILCS 5/27A-11.5)

9 Sec. 27A-11.5. State financing. The State Board of
 10 Education shall make the following funds available to school
 11 districts and charter schools:

12 (1) From a separate appropriation made to the State
 13 Board for purposes of this subdivision (1), the State
 14 Board shall make transition impact aid available to
 15 school districts that approve a new charter school or
 16 that have funds withheld by the State Board to fund a new
 17 charter school that is chartered by the State Board. The
 18 amount of the aid shall equal 90% of the per capita
 19 funding paid to the charter school during the first year
 20 of its initial charter term, 65% of the per capita
 21 funding paid to the charter school during the second year
 22 of its initial term, and 35% of the per capita funding
 23 paid to the charter school during the third year of its
 24 initial term. This transition impact aid shall be paid
 25 to the local school board in equal quarterly
 26 installments, with the payment of the installment for the
 27 first quarter being made by August 1st immediately
 28 preceding the first, second, and third years of the
 29 initial term. The district shall file an application for
 30 this aid with the State Board in a format designated by
 31 the State Board. If the appropriation is insufficient in
 32 any year to pay all approved claims, the impact aid shall
 33 be prorated. Transition impact aid shall be paid

1 beginning in the 1999-2000 school year for charter
 2 schools that are in the first, second, or third year of
 3 their initial term. ~~If--House--Bill--230--of--the--91st~~
 4 ~~General-Assembly-becomes-law,~~ Transition impact aid shall
 5 not be paid for any charter school that is proposed and
 6 created by one or more boards of education, as authorized
 7 under the provisions of Public Act 91-405 ~~House-Bill--230~~
 8 ~~of-the-91st-General-Assembly.~~

9 (2) From a separate appropriation made to the State
 10 Board for the purpose of this subdivision (2), the State
 11 Board shall make grants to charter schools, which shall
 12 not exceed \$1,000 per student enrolled in the charter
 13 school, to pay the charter school's their-start-up costs
 14 of acquiring educational materials and supplies,
 15 textbooks, furniture, and other equipment, of acquiring,
 16 remodeling, and maintaining a suitable physical plant,
 17 and of any other needs as determined by the charter
 18 school needed-during-their-initial-term.--The-State-Board
 19 shall---annually---establish---the--time--and--manner--of
 20 application-for-these-grants,-which-shall-not-exceed-\$250
 21 per-student-enrolled-in-the-charter-school.

22 (3) The Charter Schools Revolving Loan Fund is
 23 created as a special fund in the State treasury. Federal
 24 funds, such other funds as may be made available for
 25 costs associated with the establishment of charter
 26 schools in Illinois, and amounts repaid by charter
 27 schools that have received a loan from the Charter
 28 Schools Revolving Loan Fund shall be deposited into the
 29 Charter Schools Revolving Loan Fund, and the moneys in
 30 the Charter Schools Revolving Loan Fund shall be
 31 appropriated to the State Board and used to provide
 32 interest-free loans to charter schools. These funds
 33 shall be used to pay start-up costs of acquiring
 34 educational materials and supplies, textbooks, furniture,

1 and other equipment needed in the initial term of the
2 charter school and for acquiring and remodeling a
3 suitable physical plant, within the initial term of the
4 charter school. Loans shall be limited to one loan per
5 charter school and shall not exceed \$500 ~~\$250~~ per student
6 enrolled in the charter school. A loan shall be repaid
7 by the end of the initial term of the charter school.
8 The State Board may deduct amounts necessary to repay the
9 loan from funds due to the charter school or may require
10 that the local school board that authorized the charter
11 school deduct such amounts from funds due the charter
12 school and remit these amounts to the State Board,
13 provided that the local school board shall not be
14 responsible for repayment of the loan. The State Board
15 may use up to 3% of the appropriation to contract with a
16 non-profit entity to administer the loan program.

17 (4) A charter school may apply for and shall
18 receive, subject to the same restrictions applicable to
19 school districts, any grant and programmatic funds
20 administered by the State Board that is available for
21 school districts.

22 (Source: P.A. 91-407, eff. 8-3-99; revised 8-4-99.)

23 (105 ILCS 5/34-49) (from Ch. 122, par. 34-49)

24 Sec. 34-49. Contracts, expense and liabilities without
25 appropriation. No contract shall be made or expense or
26 liability incurred by the board, or any member or committee
27 thereof, or by any person for or in its behalf,
28 notwithstanding the expenditure may have been ordered by the
29 board, unless an appropriation therefor has been previously
30 made. Neither the board, nor any member or committee,
31 officer, head of any department or bureau, or employee
32 thereof shall during a fiscal year expend or contract to be
33 expended any money, or incur any liability, or enter into any

1 contract which by its terms involves the expenditure of money
2 for any of the purposes for which provision is made in the
3 budget, in excess of the amounts appropriated in the budget.
4 Any contract, verbal or written, made in violation of this
5 Section is void as to the board, and no moneys belonging
6 thereto shall be paid thereon. Provided, however, that the
7 board may lease from any Public Building Commission created
8 pursuant to the provisions of the Public Building Commission
9 Act, approved July 5, 1955, as heretofore or hereafter
10 amended, or from any individuals, partnerships or
11 corporations, any real or personal property for the purpose
12 of securing space for its school purposes or office or other
13 space for its administrative functions for any period of time
14 not exceeding 40 years, and such lease may be made and the
15 obligation or expense thereunder incurred without making a
16 previous appropriation therefor, except as otherwise provided
17 in Section 34-21.1 of this Act. Provided that the board may
18 enter into agreements, including lease and lease purchase
19 agreements having a term not longer than 40 years from the
20 date on which such agreements are entered into, with
21 individuals, partnerships, or corporations for the
22 construction of school buildings, school administrative
23 offices, site development, and school support facilities.
24 The board shall maintain exclusive possession of all such
25 schools, school administrative offices, and school facilities
26 which it is occupying or acquiring pursuant to any such lease
27 or lease purchase agreement, and in addition shall have and
28 exercise complete control over the education program
29 conducted at such schools, offices and facilities. The
30 board's contribution under any such lease or lease purchase
31 agreement shall be limited to the use of the real estate and
32 existing improvements on a rental basis which shall be exempt
33 from any form of leasehold tax or assessment, but the
34 interests of the board may be subordinated to the interests

1 of a mortgage holder or holders acquired as security for
2 additional improvements made on the property; however, (1)-
3 ~~Provided-that~~ the board may enter into agreements, including
4 lease and lease purchase agreements, having a term not longer
5 than 40 years from the date on which such agreements are
6 entered into for the provision of school buildings and
7 related property and facilities for an agricultural science
8 school pursuant to subparagraphs (8) through (10) of Section
9 34-21.1~~1~~; and such agreements may be made and the obligations
10 thereunder incurred without making a previous appropriation
11 therefor, and (2) the board may enter into agreements to
12 guarantee the repayment or otherwise enhance the credit of
13 the debt obligations of a charter school as provided in
14 subsection (k) of Section 27A-11 of this Code for a term not
15 to exceed 30 years. This Section does not prevent the making
16 of lawful contracts for the construction of buildings, the
17 purchase of insurance, the leasing of equipment, the purchase
18 of personal property by a conditional sales agreement, or the
19 leasing of personal property under an agreement that upon
20 compliance with the terms of which the board shall become or
21 has the option to become the owner of the property for no
22 additional consideration or for a nominal consideration, the
23 term of which may be for periods of more than 1 year, but, in
24 no case, shall such conditional sales agreements or leases of
25 personal property by which the board may or will become the
26 owner of the personal property, provide for the consideration
27 to be paid during a period of time in excess of 10 years nor
28 shall such contracts provide for the payment of interest in
29 excess of the maximum rate authorized by the Bond
30 Authorization Act, as amended at the time of the making of
31 the contract, on the unpaid balance owing; nor shall this
32 Section prevent the making of lawful contracts for the
33 purchase of fuel and the removal of ashes for a period from
34 July 1 of any year to June 30 of the year following, or the

1 making of lawful contracts for the transportation of pupils
2 to and from school, or the entering into of employment
3 contracts with individuals or groups of employees for any
4 period not to exceed 4 years, or the entering into contracts
5 with third parties for services otherwise performed by
6 employees for any period not to exceed 5 years provided that
7 the contracts with third parties for services provided at
8 attendance centers shall specify that the principal of an
9 attendance center shall have authority, to the maximum extent
10 possible, to direct persons assigned to the attendance center
11 pursuant to that contract, or the making of requirement
12 contracts for not to exceed one year the terms of which may
13 extend into the succeeding fiscal year provided, however,
14 that such contracts contain a limitation on the amount to be
15 expended and that such contracts shall impose no obligation
16 on the board except pursuant to written purchase order.

17 With respect to instruments for the payment of money
18 issued under this Section either before, on, or after the
19 effective date of this amendatory Act of 1989, it is and
20 always has been the intention of the General Assembly (i)
21 that the Omnibus Bond Acts are and always have been
22 supplementary grants of power to issue instruments in
23 accordance with the Omnibus Bond Acts, regardless of any
24 provision of this Act that may appear to be or to have been
25 more restrictive than those Acts, (ii) that the provisions of
26 this Section are not a limitation on the supplementary
27 authority granted by the Omnibus Bond Acts, and (iii) that
28 instruments issued under this Section within the
29 supplementary authority granted by the Omnibus Bond Acts are
30 not invalid because of any provision of this Act that may
31 appear to be or to have been more restrictive than those
32 Acts.

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