



## 95TH GENERAL ASSEMBLY

### State of Illinois

#### 2007 and 2008

##### HB1999

Introduced 2/26/2007, by Rep. Michael K. Smith

#### 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; reports; a Panel audit; Panel property being exempt from taxation; sanctions; and abolition of a Panel. Makes related changes in the School Code and other Acts. Effective immediately.

LRB095 06500 NHT 26601 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 created under Article 1H of the School Code is  
12 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. 92-855, eff. 12-6-02.)

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 Section 16-106 as follows:

20 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

21 Sec. 16-106. Teacher. "Teacher": The following  
22 individuals, provided that, for employment prior to July 1,  
23 1990, they are employed on a full-time basis, or if not

1 full-time, on a permanent and continuous basis in a position in  
2 which services are expected to be rendered for at least one  
3 school term:

4 (1) Any educational, administrative, professional or  
5 other staff employed in the public common schools included  
6 within this system in a position requiring certification  
7 under the law governing the certification of teachers;

8 (2) Any educational, administrative, professional or  
9 other staff employed in any facility of the Department of  
10 Children and Family Services or the Department of Human  
11 Services, in a position requiring certification under the  
12 law governing the certification of teachers, and any person  
13 who (i) works in such a position for the Department of  
14 Corrections, (ii) was a member of this System on May 31,  
15 1987, and (iii) did not elect to become a member of the  
16 State Employees' Retirement System pursuant to Section  
17 14-108.2 of this Code; except that "teacher" does not  
18 include any person who (A) becomes a security employee of  
19 the Department of Human Services, as defined in Section  
20 14-110, after June 28, 2001 (the effective date of Public  
21 Act 92-14), or (B) becomes a member of the State Employees'  
22 Retirement System pursuant to Section 14-108.2c of this  
23 Code;

24 (3) Any regional superintendent of schools, assistant  
25 regional superintendent of schools, State Superintendent  
26 of Education; any person employed by the State Board of

1 Education as an executive; any executive of the boards  
2 engaged in the service of public common school education in  
3 school districts covered under this system of which the  
4 State Superintendent of Education is an ex-officio member;  
5 any chief executive officer, chief educational officer, or  
6 chief fiscal officer employed by a School Finance Authority  
7 under Article 1E or 1F of the School Code; any chief  
8 executive officer, chief educational officer, or chief  
9 fiscal officer employed by a Financial Oversight Panel  
10 under Article 1H of the School Code;

11 (4) Any employee of a school board association  
12 operating in compliance with Article 23 of the School Code  
13 who is certificated under the law governing the  
14 certification of teachers;

15 (5) Any person employed by the retirement system who:

16 (i) was an employee of and a participant in the  
17 system on August 17, 2001 (the effective date of Public  
18 Act 92-416), or

19 (ii) becomes an employee of the system on or after  
20 August 17, 2001;

21 (6) Any educational, administrative, professional or  
22 other staff employed by and under the supervision and  
23 control of a regional superintendent of schools, provided  
24 such employment position requires the person to be  
25 certificated under the law governing the certification of  
26 teachers and is in an educational program serving 2 or more

1 districts in accordance with a joint agreement authorized  
2 by the School Code or by federal legislation;

3 (7) Any educational, administrative, professional or  
4 other staff employed in an educational program serving 2 or  
5 more school districts in accordance with a joint agreement  
6 authorized by the School Code or by federal legislation and  
7 in a position requiring certification under the laws  
8 governing the certification of teachers;

9 (8) Any officer or employee of a statewide teacher  
10 organization or officer of a national teacher organization  
11 who is certified under the law governing certification of  
12 teachers, provided: (i) the individual had previously  
13 established creditable service under this Article, (ii)  
14 the individual files with the system an irrevocable  
15 election to become a member, and (iii) the individual does  
16 not receive credit for such service under any other Article  
17 of this Code;

18 (9) Any educational, administrative, professional, or  
19 other staff employed in a charter school operating in  
20 compliance with the Charter Schools Law who is certificated  
21 under the law governing the certification of teachers.

22 An annuitant receiving a retirement annuity under this  
23 Article or under Article 17 of this Code who is employed by a  
24 board of education or other employer as permitted under Section  
25 16-118 or 16-150.1 is not a "teacher" for purposes of this  
26 Article. A person who has received a single-sum retirement

1 benefit under Section 16-136.4 of this Article is not a  
2 "teacher" for purposes of this Article.

3 (Source: P.A. 92-14, eff. 6-28-01; 92-416, eff. 8-17-01;  
4 92-651, eff. 7-11-02; 93-320, eff. 7-23-03.)

5 Section 15. The School Code is amended by changing Sections  
6 1B-8 and 17-11.2 and by adding Article 1H as follows:

7 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

8 Sec. 1B-8. There is created in the State Treasury a special  
9 fund to be known as the School District Emergency Financial  
10 Assistance Fund (the "Fund"). The School District Emergency  
11 Financial Assistance Fund shall consist of appropriations,  
12 loan repayments, grants from the federal government, and  
13 donations from any public or private source. Moneys in the Fund  
14 may be appropriated only to the Illinois Finance Authority and  
15 the State Board for those purposes authorized under this  
16 Article and Articles Article 1F and 1H of this Code. The  
17 appropriation may be allocated and expended by the State Board  
18 as grants to provide technical and consulting services to  
19 school districts to assess their financial condition and by the  
20 Illinois Finance Authority as loans to school districts which  
21 are the subject of an approved petition for emergency financial  
22 assistance under Section 1B-4, ~~or~~ 1F-62, or 1H-65 of this Code.  
23 Neither the State Board of Education nor the Illinois Finance  
24 Authority may collect any fees for providing these services.

1           From the amount allocated to each such school district  
2 under this Article the State Board shall identify a sum  
3 sufficient to cover all approved costs of the Financial  
4 Oversight Panel established for the respective school  
5 district. If the State Board and State Superintendent of  
6 Education have not approved emergency financial assistance in  
7 conjunction with the appointment of a Financial Oversight  
8 Panel, the Panel's approved costs shall be paid from deductions  
9 from the district's general State aid.

10           The Financial Oversight Panel may prepare and file with the  
11 State Superintendent a proposal for emergency financial  
12 assistance for the school district and for its operations  
13 budget. No expenditures shall be authorized by the State  
14 Superintendent until he or she has approved the proposal of the  
15 Panel, either as submitted or in such lesser amount determined  
16 by the State Superintendent.

17           The maximum amount of an emergency financial assistance  
18 loan which may be allocated to any school district under this  
19 Article, including moneys necessary for the operations of the  
20 Panel, shall not exceed \$4,000 times the number of pupils  
21 enrolled in the school district during the school year ending  
22 June 30 prior to the date of approval by the State Board of the  
23 petition for emergency financial assistance, as certified to  
24 the local board and the Panel by the State Superintendent. An  
25 emergency financial assistance grant shall not exceed \$1,000  
26 times the number of such pupils. A district may receive both a



1 loan and a grant.

2 The payment of an emergency State financial assistance  
3 grant or loan shall be subject to appropriation by the General  
4 Assembly. Emergency State financial assistance allocated and  
5 paid to a school district under this Article may be applied to  
6 any fund or funds from which the local board of education of  
7 that district is authorized to make expenditures by law.

8 Any emergency financial assistance proposed by the  
9 Financial Oversight Panel and approved by the State  
10 Superintendent may be paid in its entirety during the initial  
11 year of the Panel's existence or spread in equal or declining  
12 amounts over a period of years not to exceed the period of the  
13 Panel's existence. All loan payments made from the School  
14 District Emergency Financial Assistance Fund for a school  
15 district shall be required to be repaid, with simple interest  
16 over the term of the loan at a rate equal to 50% of the one-year  
17 Constant Maturity Treasury (CMT) yield as last published by the  
18 Board of Governors of the Federal Reserve System before the  
19 date on which the district's loan is approved by the State  
20 Board of Education, not later than the date the Financial  
21 Oversight Panel ceases to exist. The Panel shall establish and  
22 the Illinois Finance Authority shall approve the terms and  
23 conditions, including the schedule, of repayments. The  
24 schedule shall provide for repayments commencing July 1 of each  
25 year or upon each fiscal year's receipt of moneys from a tax  
26 levy for emergency financial assistance. Repayment shall be

1 incorporated into the annual budget of the school district and  
2 may be made from any fund or funds of the district in which  
3 there are moneys available. Default on repayment is subject to  
4 the Illinois Grant Funds Recovery Act. When moneys are repaid  
5 as provided herein they shall not be made available to the  
6 local board for further use as emergency financial assistance  
7 under this Article at any time thereafter. All repayments  
8 required to be made by a school district shall be received by  
9 the State Board and deposited in the School District Emergency  
10 Financial Assistance Fund.

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

1 prior year.

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

3 (105 ILCS 5/Art. 1H heading new)

4 ARTICLE 1H. FINANCIAL OVERSIGHT PANELS

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

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

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

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

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

11 (1) A fundamental goal of the people of this State, as  
12 expressed in Section 1 of Article X of the Illinois  
13 Constitution, is the educational development of all  
14 persons to the limits of their capacities. When a board of  
15 education faces financial difficulties, continued  
16 operation of the public school system is threatened.

17 (2) A sound financial structure is essential to the  
18 continued operation of any school system. It is vital to  
19 commercial, educational, and cultural interests that  
20 public schools remain in operation. To achieve that goal,  
21 public school systems must have effective access to the  
22 private market to borrow short and long term funds.

23 (3) To promote the financial integrity of districts, as

1 defined in this Article, it is necessary to provide for the  
2 creation of financial oversight panels with the powers  
3 necessary to promote sound financial management and to  
4 ensure the continued operation of the public schools.

5 (b) It is the purpose of this Article to provide a secure  
6 financial basis for the continued operation of public schools.  
7 The intention of the General Assembly, in creating this  
8 Article, is to establish procedures, provide powers, and impose  
9 restrictions to ensure the financial and educational integrity  
10 of the public schools, while leaving principal responsibility  
11 for the educational policies of public schools to the boards of  
12 education within the State, consistent with the requirements  
13 for satisfying the public policy and purpose set forth in this  
14 Article.

15 (105 ILCS 5/1H-10 new)

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

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

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

22 "Chairperson" means the Chairperson of the Panel.

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

1 "Financial plan" means the financial plan of the district  
2 to be developed pursuant to this Article, as in effect from  
3 time to time.

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

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

6 "Panel" means a Financial Oversight Panel created under  
7 this Article.

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

9 "State Superintendent" means the State Superintendent of  
10 Education.

11 (105 ILCS 5/1H-15 new)

12 Sec. 1H-15. Establishment of Financial Oversight Panels;  
13 duties of district.

14 (a) A school district may petition the State Board for the  
15 establishment of a Financial Oversight Panel for the district.  
16 The petition shall cite the reasons why the creation of a  
17 Financial Oversight Panel for the district is necessary. The  
18 State Board may grant the petition upon determining that the  
19 approval of the petition is in the best educational and  
20 financial interests of the district. The State Board may  
21 establish a Financial Oversight Panel without a petition from a  
22 district.

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

25 (1) There is established a body both corporate and

1 politic to be known as the "(Name of School District)  
2 Financial Oversight Panel", which in this name shall  
3 exercise all authority vested in a Panel by this Article.

4 (2) The duties and obligations of the district under  
5 Article 1B of this Code shall be transferred and become  
6 duties and obligations owed by the district to the  
7 Financial Oversight Panel.

8 (c) In the event of a conflict between the provisions of  
9 this Article and the provisions of Article 1B of this Code, the  
10 provisions of this Article control.

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 days thereafter appoint 5 members to serve on a  
16 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 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) The Panel may elect such officers as it deems  
18 appropriate.

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

24 (f) Three members of the Panel shall constitute a quorum.  
25 When a vote is taken upon any measure before the Panel, a  
26 quorum being present, a majority of the votes of the members

1 voting on the measure shall determine the outcome.

2 (105 ILCS 5/1H-25 new)

3 Sec. 1H-25. General powers. The purposes of the Panel shall  
4 be to exercise financial control over the district and to  
5 furnish financial assistance so that the district can provide  
6 public education within the district's jurisdiction while  
7 permitting the district to meet its obligations to its  
8 creditors and the holders of its debt. Except as expressly  
9 limited by this Article, the Panel shall have all powers  
10 granted to a voluntary or involuntary Financial Oversight Panel  
11 and to a Financial Administrator under Article 1B of this Code  
12 and all other powers necessary to meet its responsibilities and  
13 to carry out its purposes and the purposes of this Article,  
14 including without limitation all of the following powers,  
15 provided that the Panel shall have no power to terminate any  
16 employee without following the statutory procedures for such  
17 terminations set forth in this Code:

18 (1) To sue and to be sued.

19 (2) To make, cancel, modify, and execute contracts,  
20 leases, subleases, and all other instruments or agreements  
21 necessary or convenient for the exercise of the powers and  
22 functions granted by this Article, subject to Section 1H-45  
23 of this Code. The Panel may at a regular or special meeting  
24 find that the district has insufficient or inadequate funds  
25 with respect to any contract, other than collective



1 bargaining agreements.

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

8 (4) To appoint officers, agents, and employees of the  
9 Panel, including a chief executive officer, a chief fiscal  
10 officer, and a chief educational officer; to define their  
11 duties and qualifications; and to fix their compensation  
12 and employee benefits.

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

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

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

24 (8) Subject to the provisions of any contract with or  
25 for the benefit of the holders of its obligations, to  
26 purchase or redeem its obligations.

1           (9) To procure all necessary goods and services for the  
2           Panel in compliance with the purchasing laws and  
3           requirements applicable to the district.

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

7           (11) To recommend annexation, consolidation,  
8           dissolution, or reorganization of the district, in whole or  
9           in part, to the State Board if in the Panel's judgment the  
10           circumstances so require. No such proposal for annexation,  
11           consolidation, dissolution, or reorganization shall occur  
12           unless the Panel and the school boards of all other  
13           districts directly affected by the annexation,  
14           consolidation, dissolution, or reorganization have each  
15           approved by majority vote the annexation, consolidation,  
16           dissolution, or reorganization. Notwithstanding any other  
17           law to the contrary, upon approval of the proposal by the  
18           State Board, the State Board and all other affected  
19           entities shall forthwith implement the proposal. When a  
20           dissolution and annexation becomes effective for purposes  
21           of administration and attendance, the positions of  
22           teachers in contractual continued service in the district  
23           being dissolved shall be transferred to the annexing  
24           district or districts, pursuant to the provisions of  
25           Section 24-12 of this Code. In the event that the territory  
26           is added to 2 or more districts, the decision on which

1 positions shall be transferred to which annexing districts  
2 shall be made by giving consideration to the proportionate  
3 percentage of pupils transferred and the annexing  
4 districts' staffing needs, and the transfer of teachers in  
5 contractual continued service into positions shall be  
6 based upon the request of those teachers in contractual  
7 continued service in order of seniority in the dissolving  
8 district. The status of all teachers in contractual  
9 continued service transferred to an annexing district  
10 shall not be lost, and the board of the annexing district  
11 is subject to this Code with respect to teachers in  
12 contractual continued service who are transferred in the  
13 same manner as if the person were the annexing district's  
14 employee and had been its employee during the time the  
15 person was actually employed by the board of the dissolving  
16 district from which the position was transferred.

17 (105 ILCS 5/1H-30 new)

18 Sec. 1H-30. Chief executive officer. The Panel may appoint  
19 a chief executive officer who, under the direction of the  
20 Panel, shall supervise the Panel's staff, including the chief  
21 educational officer and the chief fiscal officer, and shall  
22 have ultimate responsibility for implementing the policies,  
23 procedures, directives, and decisions of the Panel.

24 (105 ILCS 5/1H-35 new)

1       Sec. 1H-35. Chief educational officer. The Panel may at a  
2 regular or special meeting find that cause exists to cancel the  
3 contract of the school district's superintendent who is serving  
4 at the time the Panel is established. If there is no  
5 superintendent, then the Panel shall, following consultation  
6 with the district, employ a chief educational officer for the  
7 district, who shall have all of the powers and duties of a  
8 school district superintendent under this Code and such other  
9 duties as may be assigned by the Panel in accordance with this  
10 Code. The chief educational officer shall report to the Panel  
11 or the chief executive officer appointed by the Panel. The  
12 district shall not thereafter employ a superintendent during  
13 the period that a chief educational officer is serving in the  
14 district. The chief educational officer shall hold a  
15 certificate with a superintendent endorsement issued under  
16 Article 21 of this Code.

17           (105 ILCS 5/1H-40 new)

18       Sec. 1H-40. Chief fiscal officer. The Panel may appoint a  
19 chief fiscal officer who, under the direction of the Panel,  
20 shall have all of the powers and duties of the district's chief  
21 school business official and any other duties regarding  
22 budgeting, accounting, and other financial matters that are  
23 assigned by the Panel, in accordance with this Code. The  
24 district may not employ a chief school business official during  
25 the period that the chief fiscal officer is serving in the

1 district. The chief fiscal officer may, but is not required to,  
2 hold a certificate with a chief school business official  
3 endorsement issued under Article 21 of this Code.

4 (105 ILCS 5/1H-45 new)

5 Sec. 1H-45. Collective bargaining agreements. The Panel  
6 shall have the power to negotiate collective bargaining  
7 agreements with the district's employees in lieu of and on  
8 behalf of the district. Upon concluding bargaining, the  
9 district shall execute the agreements negotiated by the Panel,  
10 and the district shall be bound by and shall administer the  
11 agreements in all respects as if the agreements had been  
12 negotiated by the district itself.

13 (105 ILCS 5/1H-50 new)

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

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

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

22 (105 ILCS 5/1H-55 new)

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

1       (a) The Panel shall require the district or any officer of  
2 the district, including the district's treasurer, to establish  
3 and maintain separate cash accounts and separate bank accounts  
4 in accordance with such rules, standards, and procedures as the  
5 Panel may prescribe.

6       (b) The Panel shall have the power to assume exclusive  
7 administration of the cash accounts and bank accounts of the  
8 district, to establish and maintain whatever new cash accounts  
9 and bank accounts it may deem appropriate, and to withdraw  
10 funds from these accounts for the lawful expenditures of the  
11 district.

12       (105 ILCS 5/1H-60 new)

13       Sec. 1H-60. Financial, management, and budgetary  
14 structure. Upon direction of the Panel, the district shall  
15 reorganize the financial accounts, management, and budgetary  
16 systems of the district in whatever manner the Panel deems  
17 appropriate to achieve greater financial responsibility and to  
18 reduce financial inefficiency.

19       (105 ILCS 5/1H-65 new)

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

22       (a) Moneys in the School District Emergency Financial  
23 Assistance Fund established under Section 1B-8 of this Code may  
24 be allocated and expended by the State Board as grants to

1 provide technical and consulting services to school districts  
2 to assess their financial condition and by the Illinois Finance  
3 Authority for emergency financial assistance loans to a Panel  
4 that petitions for emergency financial assistance. An  
5 emergency financial assistance loan to a Panel or borrowing  
6 from sources other than the State shall not be considered part  
7 of the calculation of a district's debt for purposes of the  
8 limitation specified in Section 19-1 of this Code. From the  
9 amount allocated to each Panel, the State Board shall identify  
10 a sum sufficient to cover all approved costs of the Panel. If  
11 the State Board and State Superintendent have not approved  
12 emergency financial assistance in conjunction with the  
13 appointment of a Panel, the Panel's approved costs shall be  
14 paid from deductions from the district's general State aid.

15 (b) The Panel may prepare and file with the State  
16 Superintendent a proposal for emergency financial assistance  
17 for the school district and for its operations budget. No  
18 expenditures may be authorized by the State Superintendent  
19 until he or she has approved the proposal of the Panel, either  
20 as submitted or in such lesser amount as determined by the  
21 State Superintendent.

22 (c) The amount of an emergency financial assistance loan  
23 that may be allocated to a Panel under this Article, including  
24 moneys necessary for the operations of the Panel, and borrowing  
25 from sources other than the State shall not exceed, in the  
26 aggregate, \$4,000 times the number of pupils enrolled in the

1 district during the school year ending June 30 prior to the  
2 date of approval by the State Board of the petition for  
3 emergency financial assistance, as certified to the school  
4 board and the Panel by the State Superintendent. However, this  
5 limitation does not apply to borrowing by the district secured  
6 by amounts levied by the district prior to establishment of the  
7 Panel. An emergency financial assistance grant shall not exceed  
8 \$1,000 times the number of such pupils. A district may receive  
9 both a loan and a grant.

10 (d) The payment of a State emergency financial assistance  
11 grant or loan is subject to appropriation by the General  
12 Assembly. State emergency financial assistance allocated and  
13 paid to a Panel under this Article may be applied to any fund  
14 or funds from which the Panel is authorized to make  
15 expenditures by law.

16 (e) Any State emergency financial assistance proposed by  
17 the Panel and approved by the State Superintendent may be paid  
18 in its entirety during the initial year of the Panel's  
19 existence or spread in equal or declining amounts over a period  
20 of years not to exceed the period of the Panel's existence. The  
21 State Superintendent shall not approve any loan to the Panel  
22 unless the Panel has been unable to borrow sufficient funds to  
23 operate the district.

24 (f) All loan payments made from the School District  
25 Emergency Financial Assistance Fund to a Panel shall be  
26 required to be repaid not later than the date the Panel ceases



1 to exist, with simple interest over the term of the loan at a  
2 rate equal to 50% of the one-year Constant Maturity Treasury  
3 (CMT) yield as last published by the Board of Governors of the  
4 Federal Reserve System before the date on which the Panel's  
5 loan is approved by the State Board.

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

22 (h) In establishing the terms and conditions for the  
23 repayment obligation of the Panel, the Panel shall annually  
24 determine whether a separate local property tax levy is  
25 required to meet that obligation. The Panel shall provide for a  
26 separate tax levy for emergency financial assistance repayment

1 purposes. This tax levy shall not be subject to referendum  
2 approval. The amount of the levy shall not exceed the amount  
3 necessary to meet the annual emergency financial repayment  
4 obligations of the district, including principal and interest,  
5 as established by the Panel.

6 (105 ILCS 5/1H-70 new)

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

8 (a) The Panel may incur indebtedness by the issuance of  
9 negotiable full faith and credit general obligation bonds of  
10 the Panel in an outstanding amount not to exceed at any time,  
11 including existing indebtedness, 13.8% of the district's most  
12 recent equalized assessed valuation, excluding Bonds of the  
13 Panel that have been refunded, for (i) the purpose of providing  
14 the district with moneys for ordinary and necessary  
15 expenditures and other operational needs of the district; (ii)  
16 payment or refunding of outstanding debt obligations or tax  
17 anticipation warrants of the district, the proceeds of which  
18 were used to provide financing for the district; (iii) payment  
19 of fees for arrangements as provided in subsection (b) of  
20 Section 1H-75 of this Code; (iv) payment of interest on Bonds;  
21 (v) establishment of reserves to secure Bonds; (vi) the payment  
22 of costs of issuance of Bonds; (vii) payment of principal of or  
23 interest or redemption premium on any Bonds or notes of the  
24 Panel; and (viii) all other expenditures of the Panel  
25 incidental to and necessary or convenient for carrying out its

1 corporate purposes and powers.

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

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

13 (105 ILCS 5/1H-75 new)

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

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

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

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

24 The resolution of the Panel authorizing the issuance of its  
25 Bonds may provide that interest rates may vary from time to  
26 time depending upon criteria established by the Panel, which

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

12 (105 ILCS 5/1H-80 new)

13 Sec. 1H-80. Tax levy.

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

1 tax shall be in addition to and exclusive of the maximum of all  
2 taxes that the Panel or the district is authorized by law to  
3 levy for any and all school purposes. The resolution shall be  
4 in force upon its adoption.

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

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

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

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

15 (105 ILCS 5/1H-90 new)

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

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

24 (1) any proceeds from the sale of Bonds to the extent

1 provided in the resolution authorizing the issuance of the  
2 Bonds; and

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

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

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

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

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

22 (105 ILCS 5/1H-95 new)

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

24 (a) After the issuance of Bonds has been authorized, the  
25 Panel shall have power to issue from time to time, pursuant to



1 a resolution or resolutions of the Panel, negotiable bond  
2 anticipation notes of the Panel in anticipation of the issuance  
3 of Bonds.

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

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

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

24 (e) A debt service fund shall be established in the manner  
25 provided in Section 1H-85 of this Code by the Panel for the  
26 bond anticipation notes, and the proceeds of any tax levy made

1 pursuant to this Section shall be deposited into the fund upon  
2 receipt.

3 (105 ILCS 5/1H-100 new)

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

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

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

20 (a) If the Panel pays or causes to be paid to the holders  
21 of all Bonds then outstanding the principal, redemption price,  
22 if any, and interest to become due on the Bonds, at the times  
23 and in the manner stipulated therein and in the resolution  
24 authorizing the issuance of the Bonds, then the covenants,

1 agreements, and other obligations of the Panel to the  
2 Bondholders shall be discharged and satisfied.

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

1 the resolution authorizing the issuance of the Bonds. Neither  
2 direct obligations of the United States of America, moneys  
3 deposited with the trustee or other authorized agent, or  
4 principal or interest payments on the securities shall be  
5 withdrawn or used for any purpose other than, and shall be held  
6 in trust for, the payment of the principal or redemption price,  
7 if applicable, and interest on the Bonds.

8 (105 ILCS 5/1H-110 new)

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

23 (105 ILCS 5/1H-115 new)

24 Sec. 1H-115. Statutory lien. Any pledge, assignment, lien,

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

10 (105 ILCS 5/1H-120 new)

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

1 construed to authorize the Panel to create a debt of the State  
2 or the district within the meaning of the Constitution or laws  
3 of Illinois, and all obligations issued by the Panel pursuant  
4 to the provisions of this Article are payable and shall state  
5 that they are payable solely from the funds and revenues  
6 pledged for their payment in accordance with the resolution  
7 authorizing their issuance or any trust indenture executed as  
8 security therefor. The State or the district shall not in any  
9 event be liable for the payment of the principal of or interest  
10 on any obligations of the Panel or for the performance of any  
11 pledge, obligation, or agreement of any kind whatsoever that  
12 may be undertaken by the Panel. No breach of any such pledge,  
13 obligation, or agreement may impose any liability upon the  
14 State or the district or any charge upon their general credit  
15 or against their taxing power.

16 (105 ILCS 5/1H-125 new)

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

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

10 (105 ILCS 5/1H-130 new)

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

15 (105 ILCS 5/1H-135 new)

16 Sec. 1H-135. Tax anticipation warrants. A Panel shall have  
17 the same power to issue tax anticipation warrants as a school  
18 board under Section 17-16 of this Code. Tax anticipation  
19 warrants are considered borrowing from sources other than the  
20 State and are subject to Section 1H-65 of this Code.

21 (105 ILCS 5/1H-140 new)

22 Sec. 1H-140. Reports.

23 (a) The Panel, upon taking office and annually thereafter,

1 shall prepare and submit to the Governor, General Assembly, and  
2 State Superintendent a report that includes the audited  
3 financial statement for the preceding fiscal year, an approved  
4 financial plan, and a statement of the major steps necessary to  
5 accomplish the objectives of the financial plan.

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

8 (c) The requirement for reporting to the General Assembly  
9 shall be satisfied by filing copies of the report as provided  
10 in Section 3.1 of the General Assembly Organization Act and by  
11 filing additional copies with the State Government Report  
12 Distribution Center for the General Assembly as required under  
13 subdivision (t) of Section 7 of the State Library Act.

14 (105 ILCS 5/1H-145 new)

15 Sec. 1H-145. Audit of Panel. The Panel shall be subject to  
16 audit in the manner provided for the audit of State funds and  
17 accounts. A copy of the audit report shall be submitted to the  
18 State Superintendent, the Governor, the Speaker and Minority  
19 Leader of the House of Representatives, and the President and  
20 Minority Leader of the Senate.

21 (105 ILCS 5/1H-150 new)

22 Sec. 1H-150. Assistance by State agencies, units of local  
23 government, and school districts. The district shall render  
24 such services to and permit the use of its facilities and



1 resources by the Panel at no charge as may be requested by the  
2 Panel. Any State agency, unit of local government, or school  
3 district may, within its lawful powers and duties, render such  
4 services to the Panel as may be requested by the Panel. Upon  
5 request of the Panel, any State agency, unit of local  
6 government, or school district is authorized and empowered to  
7 loan to the Panel such officers and employees as the Panel may  
8 deem necessary in carrying out its functions and duties.  
9 Officers and employees so transferred shall not lose or forfeit  
10 their employment status or rights.

11 (105 ILCS 5/1H-155 new)

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

14 (105 ILCS 5/1H-160 new)

15 Sec. 1H-160. Sanctions.

16 (a) No member, officer, employee, or agent of the district  
17 may commit the district to any contract or other obligation or  
18 incur any liability on behalf of the district for any purpose  
19 if the amount of the contract, obligation, or liability is in  
20 excess of the amount authorized for that purpose then available  
21 under the financial plan and budget then in effect.

22 (b) No member, officer, employee, or agent of the district  
23 may commit the district to any contract or other obligation on  
24 behalf of the district for the payment of money for any purpose

1 required to be approved by the Panel unless the contract or  
2 other obligation has been approved by the Panel.

3 (c) No member, officer, employee, or agent of the district  
4 may take any action in violation of any valid order of the  
5 Panel, may fail or refuse to take any action required by any  
6 such order, may prepare, present, certify, or report any  
7 information, including any projections or estimates, for the  
8 Panel or any of its agents that is false or misleading, or,  
9 upon learning that any such information is false or misleading,  
10 may fail promptly to advise the Panel or its agents.

11 (d) In addition to any penalty or liability under any other  
12 law, any member, officer, employee, or agent of the district  
13 who violates subsection (a), (b), or (c) of this Section is  
14 subject to appropriate administrative discipline as may be  
15 imposed by the Panel, including, if warranted, suspension from  
16 duty without pay, removal from office, or termination of  
17 employment.

18 (105 ILCS 5/1H-165 new)

19 Sec. 1H-165. Abolition of Panel. The Panel shall be  
20 abolished 10 years after its creation or one year after all its  
21 obligations issued under the provisions of this Article have  
22 been fully paid and discharged, whichever comes later. However,  
23 the State Board, upon recommendation of the Panel and if no  
24 obligations are outstanding, may abolish the Panel at any time  
25 after the Panel has been in existence for 3 years. Upon the

1 abolition of the Panel, all of its records shall be transferred  
2 to the State Board and any property of the Panel shall pass to  
3 and be vested in the State Board.

4 (105 ILCS 5/1H-170 new)

5 Sec. 1H-170. Limitations of actions after abolition;  
6 indemnification; legal representation.

7 (a) Abolition of the Panel pursuant to Section 1H-165 of  
8 this Code shall bar any remedy available against the Panel, its  
9 members, employees, or agents for any right or claim existing  
10 or any liability incurred prior to the abolition, unless the  
11 action or other proceeding is commenced prior to the expiration  
12 of 2 years after the date of the abolition.

13 (b) The Panel may indemnify any member, officer, employee,  
14 or agent who was or is a party or is threatened to be made a  
15 party to any threatened, pending, or completed action, suit, or  
16 proceeding, whether civil, criminal, administrative, or  
17 investigative, by reason of the fact that he or she was a  
18 member, officer, employee, or agent of the Panel, against  
19 expenses (including attorney's fees, judgments, fines, and  
20 amounts paid in settlement actually and reasonably incurred by  
21 him or her in connection with the action, suit, or proceeding)  
22 if he or she acted in good faith and in a manner that he or she  
23 reasonably believed to be in or not opposed to the best  
24 interests of the Panel and, with respect to any criminal action  
25 or proceeding, had no reasonable cause to believe his or her

1 conduct was unlawful. The termination of any action, suit, or  
2 proceeding by judgment, order, settlement, or conviction or  
3 upon a plea of nolo contendere or its equivalent, shall not, of  
4 itself, create a presumption that the person did not act in  
5 good faith in a manner that he or she reasonably believed to be  
6 in or not opposed to the best interests of the Panel and, with  
7 respect to any criminal action or proceeding, had reasonable  
8 cause to believe that his or her conduct was unlawful.

9 To the extent that a member, officer, employee, or agent of  
10 the Panel has been successful, on the merits or otherwise, in  
11 the defense of any such action, suit, or proceeding referred to  
12 in this subsection (b) or in defense of any claim, issue, or  
13 matter therein, he or she shall be indemnified against  
14 expenses, including attorney's fees, actually and reasonably  
15 incurred by him or her in connection therewith. Any such  
16 indemnification shall be made by the Panel only as authorized  
17 in the specific case, upon a determination that indemnification  
18 of the member, officer, employee, or agent is proper in the  
19 circumstances because he or she has met the applicable standard  
20 of conduct. The determination shall be made (i) by the Panel by  
21 a majority vote of a quorum consisting of members who are not  
22 parties to the action, suit, or proceeding or (ii) if such a  
23 quorum is not obtainable or, even if obtainable, a quorum of  
24 disinterested members so directs, by independent legal counsel  
25 in a written opinion.

26 Reasonable expenses incurred in defending an action, suit,

1 or proceeding shall be paid by the Panel in advance of the  
2 final disposition of the action, suit, or proceeding, as  
3 authorized by the Panel in the specific case, upon receipt of  
4 an undertaking by or on behalf of the member, officer,  
5 employee, or agent to repay the amount, unless it is ultimately  
6 determined that he or she is entitled to be indemnified by the  
7 Panel as authorized in this Section.

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

11 The right to indemnification accorded by this Section shall  
12 not limit any other right to indemnification to which the  
13 member, officer, employee, or agent may be entitled. Any rights  
14 under this Section shall inure to the benefit of the heirs,  
15 executors, and administrators of any member, officer,  
16 employee, or agent of the Panel.

17 The Panel may purchase and maintain insurance on behalf of  
18 any person who is or was a member, officer, employee, or agent  
19 of the Panel against any liability asserted against him or her  
20 and incurred by him or her in any such capacity or arising out  
21 of his or her status as such, whether or not the Panel would  
22 have the power to indemnify him or her against liability under  
23 the provisions of this Section.

24 The Panel shall be considered a State agency for purposes  
25 of receiving representation by the Attorney General. Members,  
26 officers, employees, and agents of the Panel shall be entitled

1 to representation and indemnification under the State Employee  
2 Indemnification Act.

3 (105 ILCS 5/17-11.2)

4 Sec. 17-11.2. School Finance Authority and Financial  
5 Oversight Panel levies. Notwithstanding any other law to the  
6 contrary, any levy adopted by a School Finance Authority  
7 created under Article 1F of this Code or a Financial Oversight  
8 Panel created under Article 1H of this Code is valid and shall  
9 be extended by the county clerk if it is certified to the  
10 county clerk by the Authority or Panel in sufficient time to  
11 allow the county clerk to include the levy in the extension for  
12 the taxable year.

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

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

16 (115 ILCS 5/2) (from Ch. 48, par. 1702)

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

18 (a) "Educational employer" or "employer" means the  
19 governing body of a public school district, combination of  
20 public school districts, including the governing body of joint  
21 agreements of any type formed by 2 or more school districts,  
22 public community college district or State college or  
23 university, and any State agency whose major function is

1 providing educational services. "Educational employer" or  
2 "employer" does not include a Financial Oversight Panel created  
3 pursuant to Section 1A-8 of the School Code due to a district  
4 violating a financial plan but does include a School Finance  
5 Authority created under Article 1E or 1F of the School Code and  
6 a Financial Oversight Panel created under Article 1H of the  
7 School Code.

8 (b) "Educational employee" or "employee" means any  
9 individual, excluding supervisors, managerial, confidential,  
10 short term employees, student, and part-time academic  
11 employees of community colleges employed full or part time by  
12 an educational employer, but shall not include elected  
13 officials and appointees of the Governor with the advice and  
14 consent of the Senate, firefighters as defined by subsection  
15 (g-1) of Section 3 of the Illinois Public Labor Relations Act,  
16 and peace officers employed by a State university. For the  
17 purposes of this Act, part-time academic employees of community  
18 colleges shall be defined as those employees who provide less  
19 than 3 credit hours of instruction per academic semester. In  
20 this subsection (b), the term "student" includes graduate  
21 students who are research assistants primarily performing  
22 duties that involve research or graduate assistants primarily  
23 performing duties that are pre-professional, but excludes  
24 graduate students who are teaching assistants primarily  
25 performing duties that involve the delivery and support of  
26 instruction and all other graduate assistants.

1           (c) "Employee organization" or "labor organization" means  
2 an organization of any kind in which membership includes  
3 educational employees, and which exists for the purpose, in  
4 whole or in part, of dealing with employers concerning  
5 grievances, employee-employer disputes, wages, rates of pay,  
6 hours of employment, or conditions of work, but shall not  
7 include any organization which practices discrimination in  
8 membership because of race, color, creed, age, gender, national  
9 origin or political affiliation.

10           (d) "Exclusive representative" means the labor  
11 organization which has been designated by the Illinois  
12 Educational Labor Relations Board as the representative of the  
13 majority of educational employees in an appropriate unit, or  
14 recognized by an educational employer prior to January 1, 1984  
15 as the exclusive representative of the employees in an  
16 appropriate unit or, after January 1, 1984, recognized by an  
17 employer upon evidence that the employee organization has been  
18 designated as the exclusive representative by a majority of the  
19 employees in an appropriate unit.

20           (e) "Board" means the Illinois Educational Labor Relations  
21 Board.

22           (f) "Regional Superintendent" means the regional  
23 superintendent of schools provided for in Articles 3 and 3A of  
24 The School Code.

25           (g) "Supervisor" means any individual having authority in  
26 the interests of the employer to hire, transfer, suspend, lay



1 off, recall, promote, discharge, reward or discipline other  
2 employees within the appropriate bargaining unit and adjust  
3 their grievances, or to effectively recommend such action if  
4 the exercise of such authority is not of a merely routine or  
5 clerical nature but requires the use of independent judgment.  
6 The term "supervisor" includes only those individuals who  
7 devote a preponderance of their employment time to such  
8 exercising authority.

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

11 (i) "Person" includes an individual, educational employee,  
12 educational employer, legal representative, or employee  
13 organization.

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

16 (k) "Professional employee" means, in the case of a public  
17 community college, State college or university, State agency  
18 whose major function is providing educational services, the  
19 Illinois School for the Deaf, and the Illinois School for the  
20 Visually Impaired, (1) any employee engaged in work (i)  
21 predominantly intellectual and varied in character as opposed  
22 to routine mental, manual, mechanical, or physical work; (ii)  
23 involving the consistent exercise of discretion and judgment in  
24 its performance; (iii) of such character that the output  
25 produced or the result accomplished cannot be standardized in  
26 relation to a given period of time; and (iv) requiring

1 knowledge of an advanced type in a field of science or learning  
2 customarily acquired by a prolonged course of specialized  
3 intellectual instruction and study in an institution of higher  
4 learning or a hospital, as distinguished from a general  
5 academic education or from an apprenticeship or from training  
6 in the performance of routine mental, manual, or physical  
7 processes; or (2) any employee, who (i) has completed the  
8 courses of specialized intellectual instruction and study  
9 described in clause (iv) of paragraph (1) of this subsection,  
10 and (ii) is performing related work under the supervision of a  
11 professional person to qualify himself or herself to become a  
12 professional as defined in paragraph (1).

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

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

20 (n) "Confidential employee" means an employee, who (i) in  
21 the regular course of his or her duties, assists and acts in a  
22 confidential capacity to persons who formulate, determine and  
23 effectuate management policies with regard to labor relations  
24 or who (ii) in the regular course of his or her duties has  
25 access to information relating to the effectuation or review of  
26 the employer's collective bargaining policies.

1           (o) "Managerial employee" means an individual who is  
2 engaged predominantly in executive and management functions  
3 and is charged with the responsibility of directing the  
4 effectuation of such management policies and practices.

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

7           (q) "Short-term employee" is an employee who is employed  
8 for less than 2 consecutive calendar quarters during a calendar  
9 year and who does not have a reasonable expectation that he or  
10 she will be rehired by the same employer for the same service  
11 in a subsequent calendar year. Nothing in this subsection shall  
12 affect the employee status of individuals who were covered by a  
13 collective bargaining agreement on the effective date of this  
14 amendatory Act of 1991.

15           (Source: P.A. 92-547, eff. 6-13-02; 92-748, eff. 1-1-03;  
16 93-314, eff. 1-1-04; 93-501, eff. 8-11-03; 93-1044, eff.  
17 10-14-04; revised 10-25-04.)

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

1 INDEX  
2 Statutes amended in order of appearance

- 3 35 ILCS 200/18-50.1
- 4 35 ILCS 200/18-92
- 5 35 ILCS 200/18-241
- 6 40 ILCS 5/16-106 from Ch. 108 1/2, par. 16-106
- 7 105 ILCS 5/1B-8 from Ch. 122, par. 1B-8
- 8 105 ILCS 5/Art. 1H heading
- 9 new
- 10 105 ILCS 5/1H-1 new
- 11 105 ILCS 5/1H-5 new
- 12 105 ILCS 5/1H-10 new
- 13 105 ILCS 5/1H-15 new
- 14 105 ILCS 5/1H-20 new
- 15 105 ILCS 5/1H-25 new
- 16 105 ILCS 5/1H-30 new
- 17 105 ILCS 5/1H-35 new
- 18 105 ILCS 5/1H-40 new
- 19 105 ILCS 5/1H-45 new
- 20 105 ILCS 5/1H-50 new
- 21 105 ILCS 5/1H-55 new
- 22 105 ILCS 5/1H-60 new
- 23 105 ILCS 5/1H-65 new
- 24 105 ILCS 5/1H-70 new
- 25 105 ILCS 5/1H-75 new

- 1 105 ILCS 5/1H-80 new
- 2 105 ILCS 5/1H-85 new
- 3 105 ILCS 5/1H-90 new
- 4 105 ILCS 5/1H-95 new
- 5 105 ILCS 5/1H-100 new
- 6 105 ILCS 5/1H-105 new
- 7 105 ILCS 5/1H-110 new
- 8 105 ILCS 5/1H-115 new
- 9 105 ILCS 5/1H-120 new
- 10 105 ILCS 5/1H-125 new
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- 12 105 ILCS 5/1H-135 new
- 13 105 ILCS 5/1H-140 new
- 14 105 ILCS 5/1H-145 new
- 15 105 ILCS 5/1H-150 new
- 16 105 ILCS 5/1H-155 new
- 17 105 ILCS 5/1H-160 new
- 18 105 ILCS 5/1H-165 new
- 19 105 ILCS 5/1H-170 new
- 20 105 ILCS 5/17-11.2
- 21 115 ILCS 5/2

from Ch. 48, par. 1702