



Elementary Secondary Education Committee

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LRB096 03014 NHT 21426 a

1 AMENDMENT TO HOUSE BILL 944

2 AMENDMENT NO. _____. Amend House Bill 944 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The School Code is amended by changing Section
5 1A-8 as follows:

6 (105 ILCS 5/1A-8) (from Ch. 122, par. 1A-8)

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

13 The State Superintendent of Education may require a school
14 district, including any district subject to Article 34A of this
15 Code, to share financial information relevant to a proper
16 investigation of the district's financial condition and the

1 delivery of appropriate State financial, technical, and
2 consulting services to the district if the district (i) has
3 been designated, through the State Board of Education's School
4 District Financial Profile System, as on financial warning or
5 financial watch status, (ii) has failed to file an annual
6 financial report, annual budget, deficit reduction plan, or
7 other financial information as required by law, or (iii) has
8 been identified, through the district's annual audit or other
9 financial and management information, as in serious financial
10 difficulty in the current or next school year. In addition to
11 financial, technical, and consulting services provided by the
12 State Board of Education, at the request of a school district,
13 the State Superintendent may provide for an independent
14 financial consultant to assist the district review its
15 financial condition and options.

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

20 (1) The district has issued school or teacher orders
21 for wages as permitted in Sections 8-16, 32-7.2 and 34-76
22 of this Code;

23 (2) The district has issued tax anticipation warrants
24 or tax anticipation notes in anticipation of a second
25 year's taxes when warrants or notes in anticipation of
26 current year taxes are still outstanding, as authorized by

1 Sections 17-16, 34-23, 34-59 and 34-63 of this Code, or has
2 issued short-term debt against 2 future revenue sources,
3 such as, but not limited to, tax anticipation warrants and
4 general State Aid certificates or tax anticipation
5 warrants and revenue anticipation notes;

6 (3) The district has for 2 consecutive years shown an
7 excess of expenditures and other financing uses over
8 revenues and other financing sources and beginning fund
9 balances on its annual financial report for the aggregate
10 totals of the Educational, Operations and Maintenance,
11 Transportation, and Working Cash Funds;

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

15 No school district shall be certified by the State Board of
16 Education to be in financial difficulty solely by reason of any
17 of the above circumstances arising as a result of (i) the
18 failure of the county to make any distribution of property tax
19 money due the district at the time such distribution is due or
20 (ii) the failure of this State to make timely payments of
21 general State aid or any of the mandated categoricals; or if
22 the district clearly demonstrates to the satisfaction of the
23 State Board of Education at the time of its determination that
24 such condition no longer exists. If the State Board of
25 Education certifies that a district in a city with 500,000
26 inhabitants or more is in financial difficulty, the State Board

1 shall so notify the Governor and the Mayor of the city in which
2 the district is located. The State Board of Education may
3 require school districts certified in financial difficulty,
4 except those districts subject to Article 34A, to develop,
5 adopt and submit a financial plan within 45 days after
6 certification of financial difficulty. The financial plan
7 shall be developed according to guidelines presented to the
8 district by the State Board of Education within 14 days of
9 certification. Such guidelines shall address the specific
10 nature of each district's financial difficulties. Any proposed
11 budget of the district shall be consistent with the financial
12 plan submitted to and approved by the State Board of Education.

13 A district certified to be in financial difficulty, other
14 than a district subject to Article 34A, shall report to the
15 State Board of Education at such times and in such manner as
16 the State Board may direct, concerning the district's
17 compliance with each financial plan. The State Board may review
18 the district's operations, obtain budgetary data and financial
19 statements, require the district to produce reports, and have
20 access to any other information in the possession of the
21 district that it deems relevant. The State Board may issue
22 recommendations or directives within its powers to the district
23 to assist in compliance with the financial plan. The district
24 shall produce such budgetary data, financial statements,
25 reports and other information and comply with such directives.
26 If the State Board of Education determines that a district has

1 failed to comply with its financial plan, the State Board of
2 Education may rescind approval of the plan and appoint a
3 Financial Oversight Panel for the district as provided in
4 Section 1B-4. This action shall be taken only after the
5 district has been given notice and an opportunity to appear
6 before the State Board of Education to discuss its failure to
7 comply with its financial plan.

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

15 Any financial profile compiled and ~~watch list~~ distributed
16 by the State Board of Education ~~pursuant to this Section~~ shall
17 incorporate appropriate adjustments to the various profile
18 scores for any year impacted by the ~~designate those school~~
19 ~~districts on the watch list that would not otherwise be on the~~
20 ~~watch list were it not for the~~ inability or refusal of the
21 State of Illinois to make timely disbursements of any general
22 State aid or mandated categorical aid payments due school
23 districts or to fully reimburse school districts for mandated
24 categorical programs pursuant to reimbursement formulas
25 provided in this School Code.

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

1 Section 99. Effective date. This Act takes effect July 1,
2 2009.".