

1 AN ACT relating to school districts in financial  
2 difficulty.

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

5 Section 5. The School Code is amended by changing  
6 Section 1B-8 as follows:

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

8 Sec. 1B-8. School District Emergency Financial  
9 Assistance Fund; loans and grants. There is created in the  
10 State Treasury a special fund to be known as the School  
11 District Emergency Financial Assistance Fund (the "Fund").  
12 The School District Emergency Financial Assistance Fund shall  
13 consist of appropriations, grants from the federal government  
14 and donations from any public or private source. Moneys in  
15 the Fund may be appropriated only to the State Board for the  
16 purposes of this Article. The appropriation may be allocated  
17 and expended by the State Board as grants or loans to school  
18 districts which are the subject of an approved petition for  
19 emergency financial assistance under Section 1B-4. From the  
20 amount allocated to each such school district the State Board  
21 shall identify a sum sufficient to cover all approved costs  
22 of the Financial Oversight Panel established for the  
23 respective school district. If the State Board and State  
24 Superintendent of Education have not approved emergency  
25 financial assistance in conjunction with the appointment of a  
26 Financial Oversight Panel, the Panel's approved costs shall  
27 be paid from deductions from the district's general State  
28 aid.

29 The Financial Oversight Panel may prepare and file with  
30 the State Superintendent a proposal for emergency financial  
31 assistance for the school district and for the operations

1 budget of the Panel. No expenditures shall be authorized by  
2 the State Superintendent until he has approved the proposal  
3 of the Panel, either as submitted or in such lesser amount  
4 determined by the State Superintendent.

5 The maximum amount of an emergency financial assistance  
6 loan which may be allocated to any school district under this  
7 Article, including moneys necessary for the operations of the  
8 Panel, shall not exceed \$1000 times the number of pupils  
9 enrolled in the school district during the school year ending  
10 June 30 prior to the date of approval by the State Board of  
11 the petition for emergency financial assistance, as certified  
12 to the local board and the Panel by the State Superintendent.  
13 An emergency financial assistance grant shall not exceed \$250  
14 times the number of such pupils. A district may receive both  
15 a loan and a grant.

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

23 Any emergency financial assistance proposed by the  
24 Financial Oversight Panel and approved by the State  
25 Superintendent may be paid in its entirety during the initial  
26 year of the Panel's existence or spread in equal or declining  
27 amounts over a period of years not to exceed the period of  
28 the Panel's existence. All loan payments made from the  
29 School District Emergency Financial Assistance Fund for a  
30 school district shall be required to be repaid, with simple  
31 interest over the term of the loan at a rate equal to 50% of  
32 the discount rate on one-year United States Treasury Bills as  
33 determined by the last auction of those one-year bills that  
34 precedes the date on which the district's loan is approved by

1 the State Board of Education, not later than the date the  
2 Financial Oversight Panel ceases to exist. The Panel shall  
3 establish and the State Superintendent shall approve the  
4 terms and conditions, including the schedule, of repayments.  
5 The schedule shall provide for repayments commencing July 1  
6 of each year. Repayment shall be incorporated into the annual  
7 budget of the school district and may be made from any fund  
8 or funds of the district in which there are moneys available.  
9 When moneys are repaid as provided herein they shall not be  
10 made available to the local board for further use as  
11 emergency financial assistance under this Article at any time  
12 thereafter. All repayments required to be made by a school  
13 district shall be received by the State Board and deposited  
14 in the School District Emergency Financial Assistance Fund.

15 In establishing the terms and conditions for the  
16 repayment obligation of the school district the Panel shall  
17 annually determine whether a separate local property tax levy  
18 is required. The board of any school district with a tax  
19 rate for educational purposes for the prior year of less than  
20 120% of the maximum rate for educational purposes authorized  
21 by Section 17-2 shall provide for a separate tax levy for  
22 emergency financial assistance repayment purposes. Such tax  
23 levy shall not be subject to referendum approval. The amount  
24 of the levy shall be equal to the amount necessary to meet  
25 the annual repayment obligations of the district as  
26 established by the Panel, or 20% of the amount levied for  
27 educational purposes for the prior year, whichever is less.  
28 However, no district shall be required to levy the tax if the  
29 district's operating tax rate as determined under Section  
30 18-8 or 18-8.05 exceeds 200% of the district's tax rate for  
31 educational purposes for the prior year.

32 (Source: P.A. 90-548, eff. 1-1-98; 90-802, eff. 12-15-98.)