



SB 2149 /HB 3108 ANALYSIS

Senate Bill Sponsor: Sullivan (D-Rushville)

House Bill Sponsor: Eddy (R-Hutsonville)

The bills expand and modify the current Financial Oversight Panel (FOP) law in the School Code. Provisions of the bill include the following:

- Allows the FOP to file the certificate of tax levy on behalf of the school district being overseen and makes it subject to Truth in Taxation;
- Exempts the FOP from Property Tax Extension Limitation Law (PTELL) and further clarifies that PTELL does not apply to any extension of taxes to repay an emergency financial assistance loan;
- Establishes the FOP as an employer under the Illinois Municipal Retirement Fund (IMRF) for the purpose of providing pension benefits to the employees of the panel and requires that if the FOP is unable to pay the employer contribution to the fund then the school district overseen shall make the payments. Further it allows FOP employees to opt out of IMRF as provided by their contract negotiated with the FOP and the school district;
- Repeals the School Finance Authority statutes that created the Round Lake and Hazel Crest oversight once those are dissolved and further makes FOP's created under Section 1B of the School Code no longer available for creation;
- Allows FOP's created under the new section to apply for Emergency Financial Assistance from the Illinois Finance Authority that can take the form of a grant or loan. The maximum amount of emergency financial assistance for the loan shall not exceed \$4000 per pupil and the grant may not exceed \$1000 per pupil. The loan must be paid off over the period of the FOP existence or earlier. The loan is not considered a part of the district's overall debt.
- Requires that districts submitting an Annual Financial Report that shows a deficit as defined in Section 17-1 of the School Code shall submit a deficit reduction plan to the ISBE within 30 days.
- Makes modifications to the Certificate of Tax Levy in Section 17-11 of the School Code to provide for a modified timeline of filing a levy reflecting panel oversight of a school district.
- In the Illinois Educational Labor Relations Act provides for the FOP under the definition of "employer".
- Creates a new section for the creation of FOPs that includes:
 - Allowing oversight of a FOP at the request of a school district or at the discretion of the ISBE when a school district meets certain criteria.
 - Goals, objectives and formal review of such as proposed by the Alliance addressing IASB Position Statement 2.26;
 - Increasing the number of panel members to 5 including 2 members from the community school district being overseen;
 - Adding to the powers of the FOP provided under section 5/1B of the School Code;
 - The purpose of the FOP is to exercise financial control over the district and to furnish financial assistance.
 - The powers granted to the FOP under the Act are to:
 - Sue and be sued
 - Make, cancel, modify or execute contracts (other than collective bargaining agreements)
 - Lease or purchase real or personal property except those that require referendum under Section 19-2 or 19-3 of the School Code.

- Employ officers, agents, and employees, to define their duties and fix compensation
- Transfer sums of money to the district
- Borrow money; issue obligations; fund and/or repay obligations; except that it may not authorize payments for or incur debt for school buildings or grounds where there is a referendum requirement.
- Granting that the FOP may hire:
 - a Chief Executive Officer (no requirement for certification), to supervise the panel's staff and other duties as assigned by the panel.
 - a Chief Educational Officer if there is no superintendent in the district or if the panel decides to cancel the district superintendent's contract; having the powers and duties of a school district superintendent and other duties assigned by the panel.
 - a Chief Fiscal Officer having the powers and duties of the district's chief school business official and other financial matters assigned by the panel.
 - A superintendent who must hold proper certification
 - A chief school business official who must hold proper certification.
 - Prohibits hiring a chief educational officer or chief fiscal officer while a superintendent or chief school business official is employed by the district.
- Giving the FOP certain powers regarding a school district's relationship with their township treasurer-trustees.
- Requiring the FOP in conjunction with the school district to negotiate collective bargaining agreements.
- Granting various powers regarding Deposits & Investments; Cash Accounts & Bank Accounts; Financial, Management, and Budgetary Structure.
- With approval of the State Superintendent, granting the panel the same power as a district to issue tax anticipation warrants and notes; issue revenue anticipation certificates or notes; issue General State Aid anticipation certificates
- Allowing the FOP, with ISBE approval of the filed budget, to levy a one-time-only tax, not to exceed 75% of the amount expended by the school district in the immediately preceding school year adjusted by the Consumer Price Index (CPI) most recently under PTELL, when the panel is unable to secure short-term borrowing.
- Requiring the FOP to submit a report annually, on March 1 to the State Superintendent. The report must allow the district school board to comment on the report.
- An audit of the FOP
- Sanctions such as:
 - Disallowing any employee or officer of the district to enter into any contract or obligation during the oversight of the panel;
 - Disallowing any employee or officer of the district to act in violation of any order of the panel.
 - Allowing the panel to suspend, remove from office or terminate employment for any violation under this section.
- Provisions for abolition of the FOP no sooner than 3 years and no longer than 10 years and provides that if the only impediment to abolition of the FOP is outstanding financial obligations of the FOP then all duties and responsibilities except for retirement of the obligation would be turned over to the district.
- Providing for indemnification of FOP members, employees and officers.
- Provisions for custody of school funds and bank reconciliation reports.