Illinois State Board of Education

December 18-19, 2002

TO: Illinois State Board of Education

FROM: Robert E. Schiller, Superintendent
       Lynne Haefele Curry, Director

Agenda Topic: Discussion Item:
State Legislative Affairs

Materials: None

Staff Contact(s): Peter Leonis

Purpose of Agenda Item
To bring the Board up to date with regards to state legislative activities particularly with regards to recent legislative action during the Veto Session.

Expected Outcome(s) of Agenda Item
The Board will be informed of recent legislative activities.

Background Information
The General Assembly concluded its Fall Veto Session on December 5, 2002. The following is a brief synopsis of the session action:

• SB 912 establishes a School Finance Authority for the Hazel Crest School District. The bill contains the same powers as the Round Lake Finance Authority with the following added powers beyond those given in current law, including:
  o Ability to levy property taxes that the district is permitted to levy;
  o Ability to receive a state loan if unable to secure private financing ($4,000 per student) and to levy to repay that loan;
  o Exempt from normal levy notice, hearing and timing requirements;
  o Ability to recommend a plan for the consolidation, annexation, reorganization, or dissolution of the district directly to the State Board of Education. Such plan must be approved by all affected districts; and
  o Ability to cancel the contract of the district Superintendent for cause and to cancel other non-collective bargaining contracts for insufficient funds.

• SB 2390 is the accompanying supplemental appropriation bill in the amount of $4.5 million that allows for a loan to be made to the Hazel Crest School District as outlined above.

• SB 616 addresses the succession of the Cook Count ROE. The bill has a one time fix for the problem so if another Cook Count Regional Superintendent should die in office, another bill will need to be passed to address this situation again.
• HB 1445 addresses a payment issue in regard to a shelter care facility in Ogle County.
• HB 5169 allows members of the TRS to purchase up to 2 years of retirement credit for time served in private schools. While this officially passed last spring, a parliamentary procedure kept the bill from being sent to the Governor for signature. The parliamentary barrier was removed and the bill will be sent to the Governor for his consideration.
• The General Assembly took no action on the Fall Waiver Report and thus has approved all of the waivers contained in the report.
• The Senate confirmed two new members to the State Board of Education for terms beginning in early January.

The 92nd General Assembly is scheduled to reconvene on January 6, 2003 to finish up its work before the 93rd GA is sworn in on January 8, 2003.

Analysis and Implications for Policy, Budget, Legislative Action and Communications

Policy Implications
The Hazel Crest legislation has substantial policy implications. They are as follows:
1- While on the one hand the GA indicated a desire to have a more uniform way of handling financially troubled school districts, they also made it clear that in the end they preferred to handle these on a case by case basis.
2- There has been a substantial increase in the powers of the SFA that will likely find their way into future legislation dealing with financially troubled schools.
3- Hazel Crest is the first district to receive a state loan.

Budget Implications
There would be an up front cost of $4.5 million if the state loan is executed; however, the bill provides for a special levy to repay the state.

Legislative Action
None needed at this time.

Communication
None needed at this time.

Superintendent’s Recommendation
Staff should continue working with the Board’s Legislative Committee and the Superintendent in preparing for the spring legislative session.

Next Steps
Prepare for the 2003 legislative session.