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ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED RULE

TITLE 23: EDUCATION AND CULTURAL RESOURCES

SUBTITLE A: EDUCATION

CHAPTER I: STATE BOARD OF EDUCATION

SUBCHAPTER p: GRANTS

PART 705

SCHOOL DISTRICT REORGANIZATION FEASIBILITY STUDY GRANT PROGRAM

Section

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AUTHORITY: Implementing and authorized by Section 2-3.206 of the School Code [105 ILCS 5].

SOURCE: Adopted at 50 Ill. Reg. _____, effective _____.

Section 705.5 Definitions

“Feasibility study” or “Study” means an unbiased assessment of two or more school districts for purposes of reorganization containing the information required by this Part.

“ISC” means an intermediate service center.

"Program" means the School District Reorganization Feasibility Study Grant Program created by this Part.

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“Principal district” means a school district participating in the feasibility study that will serve as the responsible party for receiving and administering grant funds and completing required submissions and reporting under the Program.

“ROE” means a regional office of education.

“School Code” means 105 ILCS 5.

"State Board" means the State Board of Education.

"State Superintendent" means the State Superintendent of Education or a designee.

“Third-party consultant” means an individual or firm eligible to perform a feasibility study according to criteria established under Section 705.45.

Section 705.10 Purpose and Applicability

This Part implements the Section 2-3.206 of School Code, which authorizes the State Board to award grants to school districts for the purpose of incentivizing those districts to conduct reorganization feasibility studies.

Section 705.15 Eligible Applicants

Entities eligible to apply for a grant under the Program are school districts organized under Articles 10 and 34 of the School Code. A joint application of two or more school districts may apply for a grant under this Part to cover all or part of the costs borne by the school districts to conduct a reorganization feasibility study. Each application must name a principal district responsible for receiving and administering grant funds, completing required submissions, and reporting. To be eligible for a grant under the Program, the board of the principal district shall:

- a) *negotiate a proposed agreement to secure the services of a third-party consultant who will conduct the reorganization feasibility study;*
- b) *adopt a resolution that is signed by the board president of the district and calls for the initiation of a school district reorganization feasibility study in accordance with the terms of the proposed agreement and this Part; and*
- c) *submit the completed agreement form, the signed board resolution under subsection (b), a resolution that is signed by the board president of each district*

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applying for the grant, the application cover page, and any required certifications and assurances *to the regional office of education or the executive director of the intermediate service center for the district for approval* (Section 2-3.206(b) of the Code).

Section 705.20 Application Procedure

- a) Subject to appropriation of funds for the Program, the State Superintendent may award grants to districts for which it receives an approved agreement under Section 2-3.206(c) of the Code.
 - 1) The principal district shall submit the completed application to the ROE or the executive director of the ISC, as applicable, no later than December 1 of the fiscal year for which the grant is sought. If the reorganization study involves more than one region, the documents must be submitted to the ROE or executive director having jurisdiction over the district with the greatest amount of Equalized Assessed Valuation for approval, with copies and notice of submission provided simultaneously to other affected regional offices of education or executive directors.
 - 2) The ROE or the executive director, as applicable, shall review and either approve or disapprove the application according to the criteria established under this Part. Disapproved applications may be corrected and resubmitted to the ROE or the executive director by December 15. The ROE or the executive director must forward approved applications electronically to the State Superintendent by December 15.
- b) *To ensure that eligible districts are aware of the grant-funding opportunities, the State Superintendent will annually notify the board and superintendent of each school district in the State of the availability of grant funds* (Section 2-3.206(d) of the Code).
- c) The application shall include certifications and assurances that the State Superintendent will require.
- d) Each application shall be submitted electronically in a format provided by the State Superintendent. Each application shall include the following information:
 - 1) a completed application cover page in a format provided by the State Superintendent;

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- 2) a copy of the proposed agreement to secure the services of a third-party consultant who will conduct the reorganization feasibility study. The agreement must comply with the requirements of Section 705.50 and must be entered into during the fiscal year in which the grant is awarded; and
 - 3) a resolution that is signed by the board president of each district applying for the grant. The resolution must call for the initiation of a school district reorganization feasibility study in accordance with the terms of the proposed agreement and this Part.
- e) Applications submitted to the State Superintendent by December 15 will be given priority consideration. Late applications will be accepted on a first-come, first-serve basis if funding is still available.

Section 705.25 Allocation of Funds

- a) Subject to appropriation of funds for the Program, grants may be awarded in an amount up to a per-study maximum published annually by the State Board. Awards will be distributed based on the priority ranking provided in Section 705.40. No awards will be given for costs in excess of the actual cost to conduct the feasibility study.
- b) Each school district may receive only one grant per award cycle, and no school district may be awarded a grant in any two consecutive award cycles.

Section 705.30 Program Specifications

Grant funds may only be used to pay for feasibility studies conducted by third-party consultants. No grant funds may be used for general administrative expenses, and no indirect costs may be claimed.

Section 705.35 Criteria and Review of Applications

Applications will be reviewed according to the criteria established under this Part. In awarding grant funds, the State Superintendent will prioritize applications received by December 15 according to the criteria in Section 705.40. Applicants will be notified of the amount of the grant award, if any, via email to the superintendent of the principal district. If additional funds are available after the initial grants are awarded, any applications received within the applicable fiscal year will be reviewed and considered for an award.

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Section 705.40 Priority Ranking

Applications received by December 15 will be ranked from most total points to least total points, based on the following scoring criteria. Funds will be awarded in order of the ranking. For applications submitted after December 15, remaining available funds will be awarded, up to the per-study maximum, on a first-come, first serve basis.

- a) Criteria 1: Contiguous districts
 - 1) Resulting district will form one contiguous district – 10 points
 - 2) Resulting district will not form one contiguous district – 5 points
- b) Criteria 2: Similar property tax rates
The operating tax rates used in the most recent Evidence-Based Funding calculation shall be utilized. The percent difference between the lowest and highest operating tax rates of the participating districts will be calculated. Points will be awarded to each application as follows:
$$10 \times (1 - \text{percent difference between lowest and highest operating tax rate})$$
- c) Criteria 3: Districts with similar per-pupil adequacy funding
The final percent of adequacy used in the most recent Evidence-Based Funding calculation shall be utilized. The percent difference between the lowest and highest final percent of adequacy of the participating districts will be calculated. Points will be awarded to each application as follows:
$$10 \times (1 - \text{percent difference between lowest and highest final percent of adequacy})$$

Section 705.45 Criteria for Third-Party Consultants

For a study to be eligible for a grant under the Program, each third-party consultant engaged to conduct the study must meet the following minimum criteria:

- a) The consultant may not have recent (within the past year) or ongoing financial engagements with any of the school districts included in the study.
- b) Retired superintendents may not conduct a study for a district in which they were

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employed as a superintendent.

- c) The consultant may not be a resident of any of the districts included in the study.
- d) The consultant may not own real estate within boundaries of any of the districts included in the study.

Section 705.50 Agreement Criteria

- a) School districts seeking a grant under the Program *shall negotiate a proposed agreement to secure the services of a third-party consultant to conduct a reorganization feasibility study* (Section 2-3.206(a)(1)). Studies may consider any type of reorganization, but must consider at least one of the following types:
 - 1) Consolidation (Article 11E of the School Code);
 - 2) Partial Elementary Unit District Formation (Article 11E of the School Code);
 - 3) Dissolution-Annexation (Article 7 of the School Code);
 - 4) Deactivation (Section 10-22.22b of the School Code); or
 - 5) Cooperative High School (Article 11E of the School Code).
- b) The agreement must contain, but is not limited to:
 - 1) identification of the school districts participating in the study;
 - 2) the consultant name/firm, with name of lead consultant, as applicable;
 - 3) a statement confirming the consultant(s) meet the criteria provided in Section 705.45;
 - 4) the start and end dates of the study;
 - 5) the types of reorganization(s) that will be studied; and
 - 6) performance items of the study, including, but not limited to:

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- A) current transportation systems, including contract or district-owned systems, and equipment of the districts;
- B) transportation issues in combining systems, including the increase or decrease to mileage or routing due to reorganization; increase or decrease to transportation costs; and additional equipment needed due to reorganization;
- C) condition, capacity, and usage percentage of current facilities;
- D) capacity needs at reorganization and through a five-year enrollment projection;
- E) percentage of buildings utilized, any building closures, and necessity of new construction;
- F) health/life safety needs;
- G) current class/course offerings, strengths or limitations of current curriculum, potential enhancements to curriculum after reorganization, including advances placement courses and courses in career and technical education, foreign language, or fine arts;
- H) current classroom technology and any needs after reorganization;
- I) a five-year financial projection that includes local, state, and federal revenue sources, reorganization incentives, salaries and benefits, and fund balances;
- J) expected budget savings/economies of scale;
- K) current and estimated tax rates, and its effect on each community;
- L) equalized assessed valuation trends and projections;
- M) current short-term and long-term debt of the districts, combined short-term and long-term debt, and estimated debt needed after reorganization;
- N) comparison of the Financial Profile for all districts;

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- O) past enrollment trends, current enrollment, and five-year enrollment projections;
- P) student/teacher ratios, current and minimal projected staff numbers for administration, teaching, and support staff, and estimated class sizes after reorganization (elementary, middle school/junior high, high school);
- Q) comparison of testing results per the latest School Report Card;
- R) comparisons of racial/ethnic diversity, low-income students, student mobility, chronic truant students, graduation rates, student attendance, students with disabilities, and English Learners per the latest School Report Card;
- S) current athletic and non-athletic activities offered by district and potential enhancements to extracurricular activities due to the reorganization; and
- T) a recommendation on the feasibility of the reorganization of the districts, including a recommended type of reorganization if recommended or other areas for the districts to consider if not recommended.

Section 705.55 Final Reports

- a) At conclusion of the study, but no later than May 15 of the fiscal year, the principal district shall submit an electronic copy of the final study report to the ROE or ISC. Submitted reports must contain a signature page, as provided by the State Board, indicating each school districts' acceptance of the feasibility study report and requesting disbursement of grant funds.
- b) The ROE or ISC will review and approve or disapprove the final study report. The ROE or ISC will forward approved reports to the State Board for final review by May 31. Any report that does not strictly comply with all performance items outlined in this Part will initially be denied and returned to the principal district for further work or clarification and resubmission.
- c) If the principal district is unable to provide an acceptable feasibility study report

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by June 30 of the fiscal year, the grant award may be revoked.