State, Local and Federal Financing
for
Illinois Public Schools
1999-2000

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Ronald J. Gidwitz, Chairman
Illinois State Board of Education

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Foreword

State, Local and Federal Financing for Illinois Public Schools, 1999-2000 provides information on the sources and amounts of funds available for pre-kindergarten through post-secondary education in Illinois common schools. This publication contains a summary of Fiscal Year 2000 appropriations to the Illinois State Board of Education, as well as appropriations for educationally related purposes made to other state agencies.

Information is provided on the sources and uses of state and federal revenues, sources of local revenues, school reform legislation, and legislation which affects school financial management. Tax-rate limitations, interfund transfers, short- and long-term borrowing, and information on the required recording of district revenues and expenditures are also included.

This publication is intended to serve as a source document that provides a basic understanding of Illinois school finance. It can serve as a discussion guide, an outline for individual and group analyses, and supplementary reading in school finance courses. Because much of the information in this document provides an abbreviated treatment of complex matters, further study is necessary for a comprehensive understanding of school finance and program funding in Illinois schools.

Glenn W. McGee
State Superintendent
of Education
As we begin the 21st century, it is not enough to educate well those students who have high abilities and strong motivation. In today’s complex and global economy, it is imperative that ALL students remain in school and graduate with the knowledge and skills that will allow them to succeed wherever the future takes them. Increasingly, that future includes both post-secondary education and the workplace for everyone.

Ensuring that Illinois schools are Second to None in meeting the needs of all students is among the most significant challenges facing Illinois policymakers, educators, citizens and parents.

But what does it mean to be Second to None?

The Illinois State Board of Education has adopted five goals that define a world-class educational system. . .
Illinois Second to None Goals

- **STUDENT PERFORMANCE**
  All students achieve high academic standards and leave high school prepared to succeed in post-secondary education and the workplace.

- **ACCESS TO QUALITY EDUCATION**
  All students have equitable access to educational programs and services that will help them to reach high standards.

- **EDUCATION WORKFORCE**
  All students have competent, caring and qualified teachers and administrators.

- **LEARNING ENVIRONMENTS**
  All schools are safe and conducive to learning.

- **EDUCATIONAL ACCOUNTABILITY**
  All participants in public schools are accountable for results and for continuous improvement.
How Do We Get There?

Making Illinois schools “Second to None” requires not only that we set goals, but that we identify strategies that are likely to help us achieve those goals. The State Board of Education has identified broad areas that seem to have the most potential leverage for moving Illinois forward. Those strategies have been aligned with the system goals, as shown below, and they serve as the primary focus for the work of the State Board of Education.

**Second to None Goals and ISBE Leadership Areas**

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OVERVIEW

Revenues for Illinois common schools for the 1999-2000 school year (Fiscal Year 2000) total an estimated $16,827.2 million. In Illinois, as in most other states, education is financed through a combination of state, local, and federal monies. The state portion of these 1999-00 revenues is $6,354.0 million (37.8%), the local share is an estimated $8,907.4 million (52.9%), and the federal share is $1,565.8 million (9.3%). These figures are shown below and in Table 1.

![Revenues for Illinois Common Schools](image)

**State Funding**

State revenues that support Illinois elementary and secondary schools are provided for a variety of legislatively established programs. The majority of the state support for schools (47.7%) is allotted through the General State Aid (GSA) formula. For Fiscal Year 2000, a total of $3.031 billion in General State Aid, including Hold Harmless amounts, will be distributed to 896 school districts, the laboratory schools at Illinois State University and the University of Illinois, 46 safe schools, and 19 alternative schools. The amount provided to each school district varies with its relative wealth (as measured by property values) and the number of students attending its schools. (Note: Appendix C is a thorough discussion of the provisions of the General State Aid law).

Other major state financial support for schools is in the form of categorical and special program grants and grants for school reform and improvement initiatives. State categorical grants provide funds for special education, transportation, vocational education, school lunch and breakfast, bilingual education, textbooks, gifted and remedial student programs, adult education, and school construction. Reform and school improvement programs, most enacted in 1985, provide additional grants for at-risk programs such as preschool education, truancy and dropout prevention projects, and elementary school reading programs.

The state also provides the employer's (school district) contributions to the two pension systems in which Illinois elementary and secondary teachers participate. State appropriations, including supplemental payments, for the Illinois Teachers' Retirement System and the Chicago Teachers' Pension and Retirement System totaled $734.3 million for the Fiscal Year 2000.

State support for education also includes state appropriations for educational purposes other than the operation of the common schools. Among these items are capital projects funding, support for public and nonpublic school equipment purchases, and literacy program grants.

**Local Funding**

The primary source of local funding for Illinois schools is the local property tax.
The estimates of local revenues in this publication are based upon the local real property tax authority of schools and the receipts of corporate personal property replacement taxes. (Refer to Table 2). Excluded from these estimates are proceeds from the sale of bonds, income from the sale of property or equipment, investment income, fees and assessments, revenues from food program sales, and other miscellaneous income such as impact fees from real estate developers.

Illinois real property values and related taxes are established on a calendar-year basis. Property assessments for the 1999 calendar year provide the basis for property tax revenues distributed in calendar year 2000. State-directed equalization factors (multiplier adjustments) are designed to assure equal valuation treatment across Illinois’ 102 counties. Equalized Assessed Valuations (EAVs) represent the taxable property base for schools as certified by the Illinois Department of Revenue.

The actual local property tax revenues for 1999-00 used in this publication are based on approximations of the property tax levies for the 1998 tax year. They represent tax extensions in 1999. This $8,406.1 million is based upon certified EAVs and tax rates for 1999. Actual property tax receipts to a district in 1999-00 will vary as a result of collection differences, local accounting practices, and the tax rates adopted in December 1998.

The other major source of locally related revenue for schools is Corporate Personal Property Replacement Tax (CPPRT) revenues. Until 1979, Illinois law allowed the taxation of the personal property of businesses. This revenue source was eliminated in 1979 and replaced with an alternative tax on Illinois businesses. The CPPRT imposes a state-collected tax on the net income of businesses (corporations, partnerships, and trusts) and on invested capital of public utilities. The proceeds of this tax are distributed to local taxing bodies in proportion to the relative share of personal property taxes received by these local taxing bodies prior to 1979. Collectively, public schools receive approximately 52% of the replacement revenues generated by the CPPRT. The remaining revenues are distributed to over 5,000 other units of local government.

The Illinois Department of Revenue reported that $501.3 million in CPPRT was distributed to local schools in the 1999 calendar year.

Federal Funding

Primarily, federal financial support for the nation’s schools is provided through grants and reimbursements made to the state from the U.S. Department of Education and the U.S. Department of Agriculture. Most federal financial aid is directed toward the support of students from low-income households or is limited to special programs or populations.

Virtually all federal support for schools in Illinois is granted to the Illinois State Board of Education (ISBE) and distributed to local school districts. Just over $1,565.8 million for various federal programs and ISBE administrative services was appropriated by the Illinois General Assembly for the 1999-00 school year (Refer to Table 1).

The two largest federal funding sources are for special education ($453.1 million) and the U.S. Department of Agriculture’s school food program ($385.0 million). Other significant federal funding is provided for the Improving America’s Schools Act, Title 1 (IASA) program ($374.9 million) and
vocational education ($92.1 million). Note: “vocational education” also includes job training, technology literacy and adult education.

The only significant federal funding provided directly to local schools in Illinois is Federal Impact Aid. This assistance, which offsets the loss of potential local property taxes attributable to federal use of property in a district, is estimated to be $12.6 million for the 1999-00 school year.

**State Sources of Revenues**

For Fiscal Year 2000, state revenues from all funds total an estimated $35.2 billion. Major sources of state revenues are federal grants and reimbursements (approximately 25.8% of estimated total 2000 revenues), individual and corporate income taxes (24.4%), the Retailers Occupation and Use (sales) Tax (18.7%), motor fuel taxes and fees (6.6%), and gross proceeds of the Illinois State Lottery (2.4%). Taxes on alcohol, tobacco, pari-mutuel betting, real estate transfers, and private car sales, along with various other fees, licensure, and transaction proceeds, are included as part of total state revenues. The state also raises revenues from the sale of general obligation and other bonds.

**Figure 1** (top portion) and **Table 3** depict projected state revenues from all funds, by major source, for Fiscal Years 1999 and 2000. The ratio of revenues from all sources show a slight variance from Fiscal Year 1999 to Fiscal Year 2000. The revenues from income taxes, sales taxes, and state lottery decreased as proportions of the total, while the share from road taxes, bond proceeds, and the grouping “all other” increased. The percentage from federal aid remained the same.

State revenues and appropriations (spending authority) are accounted for by assignment to various fund groupings. The general funds, the largest fund grouping, constitute the majority of appropriation authority.

Funding for Illinois schools is provided primarily through the “general funds” grouping of state revenue. This grouping includes the General Revenue Fund, the Common School Fund, the Education Assistance Fund, and the School Infrastructure Fund. Included in the revenue accounting of these general funds are the net proceeds from the Illinois State Lottery, which are deposited to the Common School Fund (Refer to **Table 5**). The major sources of revenue to the state’s general funds are the income tax, the sales tax, federal aid, the public utilities tax, and net lottery proceeds. **Figure 1** (lower portion) and **Table 3** show by source the revenues of the state’s general funds for Fiscal Year 1999 and an estimate of comparable revenues for Fiscal Year 2000.

As shown in **Figure 1** and **Table 3**, the revenues of the general funds are projected to be $22.9 billion in Fiscal Year 2000, an increase of $1.3 billion over Fiscal Year 1999. Increases in income taxes ($8.3 to $8.6 billion) and federal aid ($3.7 to $3.9 billion) are shown from Fiscal Year 1999 to Fiscal Year 2000. However in both instances the proportional share declined. For income taxes, the percentage declined from 38.5% to 37.5%. The decline for federal aid was 17.1% to 16.9% (FY99 are actual numbers and FY00 are estimated).

**State Lottery Proceeds**

The Illinois State Lottery was enacted in 1973. The first lottery proceeds were available in Fiscal Year 1975. Until mid-1985, lottery proceeds were
deposited to the state’s General Revenue Fund. As a result, lottery proceeds benefit education and other state-operated programs and services. The 1985 change in state law provided that all net lottery proceeds be deposited to the Common School Fund.

As a result of this 1985 legislation, all net lottery proceeds are dedicated solely to elementary and secondary education. This fact, however, has become a source of public confusion. Some Illinois citizens mistakenly believe that this shift in state accounting practices provided additional revenues to support education. This is not the case.

The proceeds of the Illinois State Lottery represent 2.4% of state revenues. Approximately 35.4% of sales of the state lottery become net revenue for the state. In Fiscal Year 2000, lottery sales of $1.525 billion generated approximately $540 million in net proceeds for state government. (Approximately 64.6%, of the gross proceeds from the lottery are used to make payments to prizewinners and to cover administration costs).

Table 5 provides a comparison of net lottery proceeds to total appropriations for elementary and secondary education from Fiscal Year 1975 to Fiscal Year 2000.

The $540 million in lottery proceeds expected for Fiscal Year 2000 does clearly assist the state in funding elementary and secondary education. Lottery revenues represent about 8.5% of the state appropriations supporting elementary and secondary education.

Uses of State Revenues
The revenues and appropriations of the State of Illinois support a wide range of programs and services. In addition to direct and contracted services such as public assistance, mental health, corrections, highway construction and maintenance, the state provides a wide range of grants and reimbursements to units of local government, including school districts. The state also collects and distributes certain revenues on behalf of units of local government (local sales taxes and regional transportation taxes).

Across all funds, state government appropriations for spending in Fiscal Year 2000 totaled $43.0 billion, an increase from Fiscal Year 1999 of $4.5 billion, which is an increase of 11.7%. The Fiscal Year 1999 and Fiscal Year 2000 distributions of appropriations for all funds are shown in Figure 2 and in Table 4.

Approximately $10.0 billion, or 26.0%, of the total state Fiscal Year 1999 appropriations across all funds are for elementary and secondary and higher educational purposes. The total for elementary and secondary education are $7.1 billion, or approximately 18.4% of all state appropriations. A comparison with Fiscal Year 2000 shows $11.5 billion of all appropriations for education from all funds (26.7%) and $8.1 billion (18.9%) for elementary and secondary education. This total for both fiscal years includes federal education funds appropriated to the Illinois State Board of Education, as well as appropriations made to other state agencies.

The total (all funds) appropriations, reflected on the top portion of Figure 2, support a wide variety of state government activities. A more traditional view of state government activities is represented by the operating budget of the state, reflecting the appropriations from the state’s general funds. The bottom portion of Figure 2 reflects appropriations from the general funds. The “general funds” are
appropriated from the General Revenue Fund, the Common School Fund, the Education Assistance Fund, and the School Infrastructure Fund. Excluded from the general funds are the state’s various capital building and transportation funds, activities associated with most debt service, certain state distributive aid, revolving funds, and university income funds.

Figure 2 and Table 4 also provide comparative information on the appropriations from the state’s general funds for various services. The Fiscal Year 2000 appropriation total of $20.9 billion for operating purposes and for elementary and secondary education represents an increase of $1.1 billion or 5.3% from the comparable Fiscal Year 1999 appropriations.

Since most education appropriations are from the state’s general funds, education overall represents a larger share of the state’s operating budget appropriations than of the total appropriations. Appropriations for all educational activity (higher education and elementary & secondary schools) were 37.9% of the General Funds appropriations for Fiscal Year 2000. Elementary and secondary education appropriations for Fiscal Year 2000 represent 26.7% of total general funds appropriations.

There are significant differences between the revenues shown in Figure 1 and appropriations shown in Figure 2 (and in Tables 3 and 4). These differences are largely attributable to interfund transfers. Table 3, State Revenues by Source, 1999 and 2000, and Table 4, Appropriations by Major Purpose, 1999 and 2000, show data illustrated in Figure 1 and Figure 2. These data were provided by the Illinois Bureau of the Budget in February 2000.

Proportions of State, Local and Federal Education Funding

Table 1 depicts the support levels and the relative share of funding for public elementary and secondary education in Illinois from 1978-79 through 1999-00.

For most years, federal funding includes amounts unspent in prior years and re-appropriated in the subsequent year. The state appropriation totals in Table 1 include original appropriations and supplementals. Additionally, state totals include amounts appropriated for educationally related purposes other than the operation of the common schools.

The local funds in Table 1 are further examined in Table 2. The local property tax figures in Table 2 represent approximations of available tax revenues. Since most school districts operate on a cash accounting basis and local receipts/revenues can be income generated from current or prior-year tax extensions, and because some of these data are derived from estimates and some are self-reported, revenues from local sources in a given fiscal year are impossible to validate. In addition, local revenues are not as readily comparable year to year as are state and federal revenues.

The figures in the column entitled “Property Tax Revenues” are tax extensions—the product of equalized assessed property values multiplied by the total tax rate as set by each district. These figures represent accrued revenues generated from the total tax rate of each district. Actual local property tax receipts for a given school district can be affected by tax distribution delays, protested tax payments, property assessment appeals, and tax revenues not paid to school districts as a result of Enterprise
Zones or Tax Increment Financing areas.

For tax years 1977 and 1978, the amounts in the column labeled “Property Tax Revenues” of Table 2 include corporate personal property taxes and real property taxes. Since 1979, with the abolition of the Corporate Personal Property Tax (CPPT), the state has collected the Corporate Personal Property Replacement Tax (CPPRT) and distributed these tax revenues by formula to school districts. The CPPRT revenues from 1979 forward are reflected in the column entitled “CPP Replacement Fund.”

For comparative purposes, Table 1 depicts the relative share of state, local and federal funding using data in the column labeled “Total Regular Revenues” from Table 2 as the local share. This figure excludes "Other Local Revenues," specified in footnote “a” of Table 1, as these funds are not the product of taxation and are not comparable from an accounting perspective to the revenues from property taxes and corporate personal property replacement taxes.

A separate annual publication of the State Board of Education, Illinois Public Schools Financial Statistics and Local Property Tax Data, reports local revenues for all school districts.

**The Inflation Factor**

The education community is often reminded that we are the primary consumers of state and local tax dollars. An examination of the raw numbers tells only part of the story and an important element is left out of the analysis. The impact of inflation – the purchasing power of 2000 dollars adjusted for inflation – gives a more accurate picture of available resources for elementary and secondary education.

**Total Funding**

Total funding for elementary and secondary education has increased from $11.71 billion in Fiscal Year 1995 to $16.83 billion in Fiscal Year 2000, an increase of 43.7%. However, when adjusted for the erosion of purchasing power due to inflation, the real increase in purchasing power between FY95 and FY00 is 26.9%. (FY00 revenues were converted to 1995 dollars using the implicit price deflator for the Gross Domestic Product. (Refer to Figure 4 and Table 9.)

**State Funding**

Since Fiscal Year 1995, state funding for elementary and secondary education has increased from $3.79 billion to $6.35 billion in Fiscal Year 2000 or by 67.5%. When adjusted for inflation, the real increase in purchasing power due to state funding is 48.0%. (Refer to Figure 4.)

**Local Funding**

During the same period of time, local funding has increased from $6.84 billion to $8.91 billion, or 30.3%. When applying the same adjustment for inflation used for state funding, the $8.91 billion converts to $7.87 billion in purchasing power. In terms of constant (1995) dollars, spending from local sources increased by $1.03 billion, or 15.1%. (Refer to Figure 5.)

**Federal Funding**

Between 1995 and 2000, federal funding for elementary and secondary education has increased from $1.08 billion to $1.57 billion, or 45.4%. When adjusted for inflation, the $1.57 billion in 2000 has $1.38 billion of purchasing power. This represents an increase of 27.8%. (Refer to Figure 5.)
Current Dollar Comparison
($ in Billions)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 95</th>
<th>FY 00</th>
<th>Change</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>$3.79</td>
<td>$6.35</td>
<td>$2.56</td>
<td>67.5</td>
</tr>
<tr>
<td>Local</td>
<td>6.84</td>
<td>8.91</td>
<td>2.07</td>
<td>30.3</td>
</tr>
<tr>
<td>Federal</td>
<td>1.08</td>
<td>1.57</td>
<td>0.49</td>
<td>45.4</td>
</tr>
<tr>
<td>Total</td>
<td>$11.71</td>
<td>$16.83</td>
<td>$5.12</td>
<td>43.7%</td>
</tr>
</tbody>
</table>

Inflation and Per-Pupil Appropriation

In Fiscal Year 1976, fall enrollment totaled 2,265,570. Enrollment subsequently declined each of the following 13 years, reaching a low of 1,790,566 in Fiscal Year 1989. Beginning in Fiscal Year 1990 and continuing through Fiscal Year 2000, fall enrollments have increased annually to 2,018,316, although they remain 11% below the level in Fiscal Year 1976. In Fiscal Year 1995, total appropriations per pupil enrolled were $6,100.2. By Fiscal Year 2000, that figure had grown to $8,337.2 or a nominal increase of 36.7%. However, in real dollar terms, per pupil appropriations grew from $6,100.2 to $7,364.9 or an increase of 20.7%. (See Table 9.)
Table 1

State, Local and Federal Receipts of Funds for the Common Schools  
1978-79 through 1999-00  
($ In millions)

<table>
<thead>
<tr>
<th>Year*</th>
<th>State $</th>
<th>Percent State</th>
<th>Local $a</th>
<th>Percent Local</th>
<th>Federal $</th>
<th>Percent Federal</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>$6,354.0b</td>
<td>37.8%</td>
<td>$8,907.4c</td>
<td>52.9%</td>
<td>$1,565.8b</td>
<td>9.3%</td>
<td>$16,827.2</td>
</tr>
<tr>
<td>1998-99</td>
<td>5,654.4</td>
<td>36.1</td>
<td>8,571.1</td>
<td>54.7</td>
<td>1,434.3</td>
<td>9.2</td>
<td>15,659.8</td>
</tr>
<tr>
<td>1997-98</td>
<td>4,849.3</td>
<td>33.9</td>
<td>8,052.0</td>
<td>56.2</td>
<td>1,417.9</td>
<td>9.9</td>
<td>14,319.2</td>
</tr>
<tr>
<td>1996-97</td>
<td>4,307.1</td>
<td>32.7</td>
<td>7,700.9</td>
<td>58.5</td>
<td>1,152.9</td>
<td>8.8</td>
<td>13,160.9</td>
</tr>
<tr>
<td>1995-96</td>
<td>3,994.8</td>
<td>32.1</td>
<td>7,339.8</td>
<td>58.9</td>
<td>1,123.7</td>
<td>9.0</td>
<td>12,458.3</td>
</tr>
<tr>
<td>1994-95</td>
<td>3,792.6</td>
<td>32.4</td>
<td>6,841.0</td>
<td>58.4</td>
<td>1,080.6</td>
<td>9.2</td>
<td>11,714.2</td>
</tr>
<tr>
<td>1993-94</td>
<td>3,611.5</td>
<td>32.9</td>
<td>6,453.4</td>
<td>58.9</td>
<td>901.0</td>
<td>8.2</td>
<td>10,965.9</td>
</tr>
<tr>
<td>1992-93</td>
<td>3,475.4</td>
<td>33.4</td>
<td>6,078.1</td>
<td>58.4</td>
<td>862.9</td>
<td>8.3</td>
<td>10,416.4</td>
</tr>
<tr>
<td>1991-92</td>
<td>3,433.9</td>
<td>35.2</td>
<td>5,555.8</td>
<td>57.0</td>
<td>762.5</td>
<td>7.8</td>
<td>9,752.2</td>
</tr>
<tr>
<td>1990-91</td>
<td>3,499.6</td>
<td>37.7</td>
<td>5,060.7</td>
<td>54.5</td>
<td>718.7</td>
<td>7.8</td>
<td>9,279.0</td>
</tr>
<tr>
<td>1989-90</td>
<td>3,487.5</td>
<td>39.4</td>
<td>4,709.5</td>
<td>53.1</td>
<td>666.8</td>
<td>7.5</td>
<td>8,863.8</td>
</tr>
<tr>
<td>1988-89</td>
<td>3,000.1</td>
<td>37.8</td>
<td>4,308.3</td>
<td>54.2</td>
<td>639.4</td>
<td>8.0</td>
<td>7,947.8</td>
</tr>
<tr>
<td>1987-88</td>
<td>2,866.4</td>
<td>39.0</td>
<td>3,910.7</td>
<td>53.2</td>
<td>579.2</td>
<td>7.9</td>
<td>7,356.3</td>
</tr>
<tr>
<td>1986-87</td>
<td>2,985.4</td>
<td>41.8</td>
<td>3,634.9</td>
<td>50.9</td>
<td>519.8</td>
<td>7.3</td>
<td>7,140.1</td>
</tr>
<tr>
<td>1985-86</td>
<td>2,767.9</td>
<td>41.0</td>
<td>3,481.3</td>
<td>51.6</td>
<td>494.8</td>
<td>7.3</td>
<td>6,744.0</td>
</tr>
<tr>
<td>1984-85</td>
<td>2,427.9</td>
<td>39.2</td>
<td>3,323.0</td>
<td>53.6</td>
<td>449.6</td>
<td>7.3</td>
<td>6,200.5</td>
</tr>
<tr>
<td>1983-84</td>
<td>2,236.1</td>
<td>38.2</td>
<td>3,182.9</td>
<td>54.3</td>
<td>442.4</td>
<td>7.6</td>
<td>5,861.4</td>
</tr>
<tr>
<td>1982-83</td>
<td>2,103.2</td>
<td>38.1</td>
<td>2,974.4</td>
<td>53.9</td>
<td>441.3</td>
<td>8.0</td>
<td>5,518.9</td>
</tr>
<tr>
<td>1981-82</td>
<td>2,243.3</td>
<td>40.2</td>
<td>2,844.9</td>
<td>50.9</td>
<td>499.6</td>
<td>8.9</td>
<td>5,587.8</td>
</tr>
<tr>
<td>1980-81</td>
<td>2,328.1</td>
<td>43.1</td>
<td>2,595.9</td>
<td>48.1</td>
<td>473.4</td>
<td>8.8</td>
<td>5,397.4</td>
</tr>
<tr>
<td>1979-80</td>
<td>2,218.5</td>
<td>42.3</td>
<td>2,485.0</td>
<td>47.4</td>
<td>536.3</td>
<td>10.2</td>
<td>5,239.8</td>
</tr>
<tr>
<td>1978-79</td>
<td>2,128.9</td>
<td>43.9</td>
<td>2,298.0</td>
<td>47.3</td>
<td>427.0</td>
<td>8.8</td>
<td>4,853.9</td>
</tr>
</tbody>
</table>

a Includes local real property tax revenues as estimated by the total property tax extension of districts and Corporate Personal Property Replacement Funds for the years 1980-81 through 1999-00. For prior years, the total includes real and personal property tax revenues. Not included as local revenue are proceeds from investment income, income from school food services, and revenue generated through fees and assessments.

b Appropriated amount, including original appropriations and supplementals (see State and Federal Appropriations for Fiscal Year 2000).

c Estimate based upon most recent four-year average or preliminary EAVs and tax rates, plus estimated Corporate Personal Property Replacement Tax receipts beginning with 1980-1981.

* Fiscal years and school years overlap with local tax years. The state and federal funds shown are on a school-year basis (June 30 year-end). Local revenues reflect a calendar-year basis. For example, the 1999-00 year includes actual state and federal appropriations for state Fiscal Year 2000 and an estimation of local revenues accruing to school districts during calendar (collection) year 2000. Local property tax receipts for 2000 are a function of property assessments and tax rates for tax year 1999.
Table 2

Elementary and Secondary School Income from Local Sources
($ in millions)

<table>
<thead>
<tr>
<th>Tax Year Collected</th>
<th>Property Tax Revenues a</th>
<th>CPP Replacement Fund</th>
<th>Total Regular Revenues b</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$8,406.1 c</td>
<td>$501.3 d</td>
<td>$8,907.4</td>
</tr>
<tr>
<td>1997</td>
<td>8,057.6</td>
<td>513.5</td>
<td>8,571.1</td>
</tr>
<tr>
<td>1996</td>
<td>7,583.6</td>
<td>468.4</td>
<td>8,052.0</td>
</tr>
<tr>
<td>1995</td>
<td>7,278.1</td>
<td>422.8</td>
<td>7,700.9</td>
</tr>
<tr>
<td>1994</td>
<td>6,914.0</td>
<td>425.8</td>
<td>7,339.8</td>
</tr>
<tr>
<td>1993</td>
<td>6,476.9</td>
<td>364.1</td>
<td>6,841.0</td>
</tr>
<tr>
<td>1992</td>
<td>6,109.1</td>
<td>344.3</td>
<td>6,453.4</td>
</tr>
<tr>
<td>1991</td>
<td>5,773.6</td>
<td>304.5</td>
<td>6,078.1</td>
</tr>
<tr>
<td>1990</td>
<td>5,253.2</td>
<td>302.6</td>
<td>5,555.8</td>
</tr>
<tr>
<td>1989</td>
<td>4,738.4</td>
<td>322.3</td>
<td>5,060.7</td>
</tr>
<tr>
<td>1988</td>
<td>4,361.9</td>
<td>347.6</td>
<td>4,709.5</td>
</tr>
<tr>
<td>1987</td>
<td>3,968.9</td>
<td>339.4</td>
<td>4,308.3</td>
</tr>
<tr>
<td>1986</td>
<td>3,571.3</td>
<td>339.4</td>
<td>3,910.7</td>
</tr>
<tr>
<td>1985</td>
<td>3,334.2</td>
<td>300.7</td>
<td>3,634.9</td>
</tr>
<tr>
<td>1984</td>
<td>3,187.0</td>
<td>294.3</td>
<td>3,481.3</td>
</tr>
<tr>
<td>1983</td>
<td>3,088.0</td>
<td>235.0</td>
<td>3,323.0</td>
</tr>
<tr>
<td>1982</td>
<td>2,980.0</td>
<td>202.9</td>
<td>3,182.9</td>
</tr>
<tr>
<td>1981</td>
<td>2,768.0</td>
<td>206.4</td>
<td>2,974.4</td>
</tr>
<tr>
<td>1980</td>
<td>2,567.0</td>
<td>277.9</td>
<td>2,844.9</td>
</tr>
<tr>
<td>1979</td>
<td>2,307.0</td>
<td>288.9</td>
<td>2,595.9</td>
</tr>
<tr>
<td>1978</td>
<td>2,485.0</td>
<td>e</td>
<td>2,485.0</td>
</tr>
<tr>
<td>1977</td>
<td>2,298.0</td>
<td>e</td>
<td>2,298.0</td>
</tr>
</tbody>
</table>

a For the tax years 1979 through 1998, this represents accrued revenue estimated from real property taxes only. For tax years prior to 1979, this represents estimated accrued revenue from real property taxes and Corporate Personal Property Taxes. Revenues are derived by multiplying the total tax rate times the applicable equalized assessed property base for the tax year.

b “Total Regular Revenues” is the sum of “Property Tax Revenues” and “CPP Replacement Fund.”

c Based upon final 1998 EAVs and 1998 tax rates.

d Estimated payments to be made by the Illinois Department of Revenue for calendar year 1999.

e Reported with “Property Tax Revenues” prior to 1979.
Table 3

State Revenues by Source
($ in millions)

### ALL FUNDS BY SOURCE

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 1999</th>
<th>%</th>
<th>FY 2000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Taxes</td>
<td>$8,347</td>
<td>26.0%</td>
<td>$8,600</td>
<td>24.4%</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>6,170</td>
<td>19.2%</td>
<td>6,570</td>
<td>18.7%</td>
</tr>
<tr>
<td>Federal Aid</td>
<td>8,284</td>
<td>25.8%</td>
<td>9,104</td>
<td>25.8%</td>
</tr>
<tr>
<td>Road Taxes</td>
<td>2,087</td>
<td>6.5%</td>
<td>2,321</td>
<td>6.6%</td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td>661</td>
<td>2.1%</td>
<td>1,093</td>
<td>3.1%</td>
</tr>
<tr>
<td>State Lottery (Gross)</td>
<td>847</td>
<td>2.6%</td>
<td>838</td>
<td>2.4%</td>
</tr>
<tr>
<td>All Other</td>
<td>5,697</td>
<td>17.8%</td>
<td>6,682</td>
<td>19.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$32,093</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$35,208</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

### GENERAL FUNDS BY SOURCE

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 1999</th>
<th>%</th>
<th>FY 2000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Taxes</td>
<td>$8,347</td>
<td>38.5%</td>
<td>$8,600</td>
<td>37.5%</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>5,609</td>
<td>25.9%</td>
<td>5,975</td>
<td>26.0%</td>
</tr>
<tr>
<td>Federal Aid</td>
<td>3,718</td>
<td>17.1%</td>
<td>3,890</td>
<td>16.9%</td>
</tr>
<tr>
<td>Public Utility</td>
<td>1,019</td>
<td>4.7%</td>
<td>1,115</td>
<td>4.9%</td>
</tr>
<tr>
<td>State Lottery (Net)</td>
<td>540</td>
<td>2.5%</td>
<td>540</td>
<td>2.4%</td>
</tr>
<tr>
<td>All Other</td>
<td>2,441</td>
<td>11.3%</td>
<td>2,822</td>
<td>12.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,674</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$22,942</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

**NOTE:** FY 1999 amounts are actual; FY 2000 amounts are current estimates.

**Source:** Data provided by Illinois Bureau of the Budget – February 2000.
## Table 4

### Appropriations By Major Purpose

<table>
<thead>
<tr>
<th></th>
<th>FY1999 General Funds</th>
<th>% of Total</th>
<th>All Funds</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary &amp; Secondary</td>
<td>$5,184</td>
<td>26.1%</td>
<td>$7,064</td>
<td>18.4%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>2,227</td>
<td>11.2%</td>
<td>2,928</td>
<td>7.6%</td>
</tr>
<tr>
<td>Department of Public Aid</td>
<td>4,430</td>
<td>22.3%</td>
<td>6,168</td>
<td>16.0%</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td>85</td>
<td>0.4%</td>
<td>5,027</td>
<td>13.1%</td>
</tr>
<tr>
<td>Health &amp; Human Services</td>
<td>4,825</td>
<td>24.3%</td>
<td>6,903</td>
<td>18.0%</td>
</tr>
<tr>
<td>Public Protection &amp; Justice</td>
<td>1,380</td>
<td>7.0%</td>
<td>2,511</td>
<td>6.5%</td>
</tr>
<tr>
<td>Environment &amp; Natural Resources</td>
<td>281</td>
<td>1.4%</td>
<td>1,627</td>
<td>4.2%</td>
</tr>
<tr>
<td>Legislative, Judicial, Attorney</td>
<td>367</td>
<td>1.8%</td>
<td>420</td>
<td>1.1%</td>
</tr>
<tr>
<td>General</td>
<td>1,089</td>
<td>5.5%</td>
<td>5,817</td>
<td>15.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19,868</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$38,465</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY2000 General Funds</th>
<th>% of Total</th>
<th>All Funds</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary &amp; Secondary</td>
<td>$5,578</td>
<td>26.7%</td>
<td>$8,134</td>
<td>18.9%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>2,354</td>
<td>11.2%</td>
<td>3,333</td>
<td>7.8%</td>
</tr>
<tr>
<td>Department of Public Aid</td>
<td>4,675</td>
<td>22.3%</td>
<td>6,408</td>
<td>14.9%</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td>100</td>
<td>0.5%</td>
<td>6,326</td>
<td>14.7%</td>
</tr>
<tr>
<td>Health &amp; Human Services</td>
<td>4,874</td>
<td>23.3%</td>
<td>6,968</td>
<td>16.2%</td>
</tr>
<tr>
<td>Public Protection &amp; Justice</td>
<td>1,473</td>
<td>7.0%</td>
<td>2,799</td>
<td>6.5%</td>
</tr>
<tr>
<td>Environment &amp; Natural Resources</td>
<td>287</td>
<td>1.4%</td>
<td>1,964</td>
<td>4.6%</td>
</tr>
<tr>
<td>Legislative, Judicial, Attorney</td>
<td>410</td>
<td>2.0%</td>
<td>470</td>
<td>1.1%</td>
</tr>
<tr>
<td>General</td>
<td>1,172</td>
<td>5.6%</td>
<td>6,571</td>
<td>15.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20,923</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$42,973</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

### Source:
Data provided by Illinois Bureau of the Budget – February 2000.
# Table 5

**Net Lottery Proceeds Compared To Total Appropriations**  
For Elementary and Secondary Education  
Fiscal Years 1975 through 2000  
($ In millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Appropriations</th>
<th>Net Lottery Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>2000</td>
<td>$6,354.0</td>
<td>$540.0*</td>
</tr>
<tr>
<td>1999</td>
<td>5,654.4</td>
<td>540.0</td>
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<tr>
<td>1998</td>
<td>4,849.3</td>
<td>565.0</td>
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<tr>
<td>1997</td>
<td>4,307.1</td>
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<td>1996</td>
<td>3,994.8</td>
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<td>1995</td>
<td>3,792.7</td>
<td>588.3</td>
</tr>
<tr>
<td>1994</td>
<td>3,611.5</td>
<td>552.1</td>
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<tr>
<td>1993</td>
<td>3,475.4</td>
<td>587.4</td>
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<tr>
<td>1992</td>
<td>3,433.9</td>
<td>610.0</td>
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<tr>
<td>1991</td>
<td>3,499.6</td>
<td>590.0</td>
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<tr>
<td>1990</td>
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<td>1989</td>
<td>3,000.1</td>
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<td>1988</td>
<td>2,866.4</td>
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<tr>
<td>1985b</td>
<td>2,427.9</td>
<td>502.8</td>
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<tr>
<td>1984</td>
<td>2,236.1</td>
<td>365.4</td>
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<tr>
<td>1983</td>
<td>2,103.2</td>
<td>216.3</td>
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<td>1982</td>
<td>2,243.3</td>
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<td>1981</td>
<td>2,328.1</td>
<td>90.4</td>
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<td>1980</td>
<td>2,218.5</td>
<td>33.2</td>
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<td>1979</td>
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<td>32.6</td>
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<td>1978</td>
<td>2,040.9</td>
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<tr>
<td>1977</td>
<td>2,000.6</td>
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<tr>
<td>1976</td>
<td>1,988.1</td>
<td>76.0</td>
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<tr>
<td>1975</td>
<td>1,631.0</td>
<td>55.2</td>
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*Net Lottery Proceeds* are provided by the Illinois Bureau of the Budget and were updated February 2000.

* Estimate.

* Beginning FY85, net lottery proceeds were deposited in to the Common School Fund.
Table 6
Illinois Public School Districts by Type
1978-79 through 1999-00

<table>
<thead>
<tr>
<th>School Year</th>
<th>Elementary Districts</th>
<th>Secondary Districts</th>
<th>Unit Districts</th>
<th>Total Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>384</td>
<td>103&lt;sup&gt;a&lt;/sup&gt;</td>
<td>409</td>
<td>896&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1998-99</td>
<td>385</td>
<td>104</td>
<td>408</td>
<td>897</td>
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<tr>
<td>1997-98</td>
<td>388</td>
<td>106</td>
<td>406</td>
<td>900</td>
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<tr>
<td>1996-97</td>
<td>392</td>
<td>107</td>
<td>405</td>
<td>904</td>
</tr>
<tr>
<td>1995-96</td>
<td>392</td>
<td>107</td>
<td>408</td>
<td>907</td>
</tr>
<tr>
<td>1994-95</td>
<td>395</td>
<td>110</td>
<td>410</td>
<td>915</td>
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<tr>
<td>1993-94</td>
<td>400</td>
<td>110</td>
<td>414</td>
<td>924</td>
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<td>1992-93</td>
<td>406</td>
<td>111</td>
<td>415</td>
<td>932</td>
</tr>
<tr>
<td>1991-92</td>
<td>410</td>
<td>113</td>
<td>423</td>
<td>946</td>
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<tr>
<td>1990-91</td>
<td>415</td>
<td>114</td>
<td>424</td>
<td>953</td>
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<tr>
<td>1989-90</td>
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<td>972</td>
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<td>1987-88</td>
<td>423</td>
<td>119</td>
<td>439</td>
<td>981</td>
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<td>1986-87</td>
<td>428</td>
<td>122</td>
<td>443</td>
<td>993</td>
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<td>1984-85</td>
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<td>124</td>
<td>448</td>
<td>1,005</td>
</tr>
<tr>
<td>1983-84</td>
<td>435</td>
<td>125</td>
<td>447</td>
<td>1,007</td>
</tr>
<tr>
<td>1982-83</td>
<td>435</td>
<td>125</td>
<td>448</td>
<td>1,008</td>
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<tr>
<td>1981-82</td>
<td>437</td>
<td>125</td>
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<td>1980-81</td>
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<tr>
<td>1979-80</td>
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<td>448</td>
<td>1,011</td>
</tr>
<tr>
<td>1978-79</td>
<td>438</td>
<td>125</td>
<td>448</td>
<td>1,011</td>
</tr>
</tbody>
</table>

<sup>a</sup> Includes two non-operating districts.

<sup>b</sup> Does not include five state-operated school systems (the Department of Corrections school district, two state laboratory schools, the Illinois Mathematics and Science Academy, and the Illinois Department of Rehabilitation state schools).

Source: Fall Housing Enrollment Report, Research and Policy Division, ISBE.
Table 7

Public and Nonpublic Pre-Kindergarten Through Grade 12 Fall Pupil Enrollment\textsuperscript{a} 1978-79 through 1999-00

<table>
<thead>
<tr>
<th>Year</th>
<th>Public</th>
<th>Nonpublic</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>2,018,316</td>
<td>323,869</td>
<td>2,342,185</td>
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<tr>
<td>1998-99</td>
<td>2,011,814</td>
<td>322,664</td>
<td>2,334,478</td>
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<tr>
<td>1997-98</td>
<td>1,996,184</td>
<td>321,406</td>
<td>2,317,590</td>
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<tr>
<td>1996-97</td>
<td>1,974,824</td>
<td>320,880</td>
<td>2,295,704</td>
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<td>1995-96</td>
<td>1,948,089</td>
<td>323,438</td>
<td>2,271,527</td>
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<tr>
<td>1994-95</td>
<td>1,920,289</td>
<td>320,290</td>
<td>2,240,579</td>
</tr>
<tr>
<td>1993-94</td>
<td>1,898,494</td>
<td>317,102</td>
<td>2,215,596</td>
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<tr>
<td>1992-93</td>
<td>1,877,785</td>
<td>315,995</td>
<td>2,193,780</td>
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<tr>
<td>1991-92</td>
<td>1,843,394</td>
<td>315,247</td>
<td>2,158,641</td>
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<td>1990-91</td>
<td>1,816,182</td>
<td>318,625</td>
<td>2,134,807</td>
</tr>
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<td>1989-90</td>
<td>1,792,356</td>
<td>322,666</td>
<td>2,115,022</td>
</tr>
<tr>
<td>1988-89</td>
<td>1,790,566</td>
<td>328,280</td>
<td>2,118,846</td>
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<td>1987-88</td>
<td>1,806,357</td>
<td>332,033</td>
<td>2,138,390</td>
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<td>1,819,392</td>
<td>339,680</td>
<td>2,159,072</td>
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<td>1985-86</td>
<td>1,821,278</td>
<td>348,994</td>
<td>2,170,272</td>
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<td>1984-85</td>
<td>1,829,619</td>
<td>352,079</td>
<td>2,181,698</td>
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<td>1983-84</td>
<td>1,849,045</td>
<td>352,518</td>
<td>2,201,563</td>
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<td>1981-82</td>
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<td>1980-81</td>
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<td>1979-80</td>
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<td>353,066</td>
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<td>1978-79</td>
<td>2,106,239</td>
<td>353,152</td>
<td>2,459,391</td>
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</table>

\textsuperscript{a} Source: Fall Housing Enrollment Report, Research and Policy Division, ISBE.
### Table 8

**Illinois Public School Finance Statistics**

<table>
<thead>
<tr>
<th>District Type&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Per Capita Tuition Charge</th>
<th>Operating Expense per Pupil</th>
</tr>
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<tbody>
<tr>
<td><strong>1997-98 AVERAGES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elementary</td>
<td>$5,454</td>
<td>$6,193</td>
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<tr>
<td>Secondary</td>
<td>8,963</td>
<td>9,662</td>
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<td>Unit</td>
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<tr>
<td>ALL DISTRICTS</td>
<td>5,678</td>
<td>6,682</td>
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<tr>
<td>Chicago SD 299</td>
<td>5,512</td>
<td>7,325</td>
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<td><strong>1996-97 AVERAGES</strong></td>
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<td></td>
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<td>Elementary</td>
<td>5,341</td>
<td>5,979</td>
</tr>
<tr>
<td>Secondary</td>
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<td>9,265</td>
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<tr>
<td>Unit</td>
<td>4,793</td>
<td>5,875</td>
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<td>ALL DISTRICTS</td>
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<td>6,280</td>
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<tr>
<td>Chicago SD 299 (10 mos.)</td>
<td>4,976</td>
<td>6,630</td>
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<td><strong>1995-96 AVERAGES</strong></td>
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<tr>
<td>Elementary</td>
<td>5,101</td>
<td>5,684</td>
</tr>
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<td>Secondary</td>
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<td>8,975</td>
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<td>Unit</td>
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<td>5,850</td>
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<tr>
<td>ALL DISTRICTS</td>
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<td>6,157</td>
</tr>
<tr>
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<td>7,102</td>
</tr>
<tr>
<td><strong>1994-95 AVERAGES</strong></td>
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<tr>
<td>Elementary</td>
<td>4,922</td>
<td>5,463</td>
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<tr>
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<td>5,922</td>
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<td><strong>1993-94 AVERAGES</strong></td>
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<td>Secondary</td>
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<td>8,663</td>
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<td>Chicago SD 299</td>
<td>5,111</td>
<td>6,525</td>
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</table>

<sup>a</sup> The Operating Expense per Pupil and Per Capita Tuition Charge rankings by district type for each district are included in Section III of the Illinois Public Schools Financial Statistics and Local Property Tax Data, a separate State Board of Education publication that is disseminated annually.

<sup>b</sup> Elementary School Districts: Pre-K—8.
Secondary (High) School Districts: 9—12.
Unit School Districts: Pre-K—12.
Table 9

Total Appropriations Per Pupil Enrolled, Current Dollars and Constant Dollars
Fiscal Years 1976 through 2000

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Appropriations</th>
<th>Fall Enrollment</th>
<th>Total Appropriations</th>
<th>% Change in Constant Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Dollars&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Constant 1995 Dollars&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Current Dollars&lt;sup&gt;b&lt;/sup&gt;</td>
<td>Constant 1995 Dollars&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
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<td>76</td>
<td>$4.11</td>
<td>$10.31</td>
<td>2,265,570</td>
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<td>77</td>
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<td>4.60</td>
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<td>2,179,282</td>
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<td>9.81</td>
<td>2,038,912</td>
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<td>87</td>
<td>7.14</td>
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<td>90</td>
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<td>1,816,182</td>
<td>5,109.1</td>
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<td>10.53</td>
<td>1,843,394</td>
<td>5,290.4</td>
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<td>1,877,785</td>
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<td>94</td>
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<td>96</td>
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<td>13.36</td>
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<td>99</td>
<td>15.66</td>
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<td>2,011,814</td>
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<td>00</td>
<td>16.83</td>
<td>14.86</td>
<td>2,018,316</td>
<td>8,337.2</td>
</tr>
</tbody>
</table>

<sup>a</sup>In Billions
<sup>b</sup>In Whole Dollars
Figure 1

STATE REVENUES BY SOURCE

ALL FUNDS BY SOURCE

FY 1999

TOTAL: $32.093 Billion (Actual)

FY 2000

TOTAL: $35.208 Billion (Estimate)

GENERAL FUNDS BY SOURCE

FY 1999

TOTAL: $21.674 Billion (Actual)

FY 2000

TOTAL: $22.942 Billion (Estimate)
Figure 2

APPROPRIATIONS BY MAJOR PURPOSE

ALL FUNDS BY SOURCE

FY 1999

TOTAL: $38.465 Billion (Actual)

FY 2000

TOTAL: $42.973 Billion (Actual)

GENERAL FUNDS BY SOURCE

FY 1999

TOTAL: $19.868 Billion (Actual)

FY 2000

TOTAL: $20.923 Billion (Actual)
Figure 3

State Average Operating Expense per Pupil – FY88 to FY98

Average Operating Expense per Pupil by Type of District – FY88 to FY98
Figure 4

TOTAL FUNDING
Current Dollars vs. 1995 Constant Dollars
Elementary and Secondary Education

STATE FUNDING
Current Dollars vs. 1995 Constant Dollars
Elementary and Secondary Education
A wide range of educational services, many required by state or federal statutes, are provided in Illinois public schools. State revenues supporting public school programs are appropriated annually by the Illinois General Assembly and enacted into law with the approval of the governor. Appropriations for non-capital grants and payments to public schools are made to the State Board of Education from the state’s Common School Fund, the Education Assistance Fund, the General Revenue Fund, the Driver Education Fund, and the School Infrastructure Fund. Appropriations are also made from the state’s Corporate Personal Property Replacement Tax Fund, resulting in disbursements by the Illinois Department of Revenue directly to school districts.

Illinois law allows three different types of public school districts. Elementary districts provide schooling for pre-kindergarten through grade 8 students. Secondary (high school) districts serve students in grades 9 through 12. Unit districts are organized to serve students at all grade levels. Most secondary districts serve geographic areas that include multiple elementary districts. When this situation occurs, the term “dual district” is used to describe the organizational format.

This part summarizes funding information about separate programs or categories of state assistance to elementary and secondary schools.

**ACADEMIC DIFFICULTY - ACADEMIC EARLY WATCH LIST**

$3,500,000

The Academic Early Watch/Warning List (AEWL) process provides a system of support for schools and districts outside Chicago that have been identified through the state’s designation system as needing and benefiting from intensive support. The system includes:

- an ISBE case manager, assigned to a district, supervising the work of an intervention team;
- an intervention team of highly skilled educators working to:
  - deliver and/or broker professional development,
  - assist with school improvement planning/budgeting,
  - provide model or co-teaching of effective instructional strategies at the individual classroom level,
  - support the internal review process, and
  - monitor progress toward improved student learning.

Both the case manager and the support team members receive considerable professional development to perform their duties to the highest degree of proficiency and quality. Targeted school grants may be provided based on an approved school improvement plan. Statewide professional development is provided based on combined needs of the schools, e.g., high school reading strategies. This line item also provides funds to the Chicago Public Schools to support its probation process for schools.
that will not make adequate yearly progress or that are in greatest need based on Illinois Standards Achievement Test results.

Districts that are in the greatest level of need/distress are targeted for this intensive support. Funds are distributed via grants to districts and/or regional offices based on the selection of highly skilled educators and approved district and school improvement plans. The funds are used for a variety of components for the system of support, including case managers, school support team members, networking, training, resources, and grants.

**ACADEMIC DIFFICULTY - BRIDGE/CLASSROOM/EXTENDED DAY PROGRAMS**

$13,000,000

These programs provide additional learning opportunities to improve students’ reading, writing, and math skills in districts where a significant number of students do not meet the Standards. Examples of programs funded through this appropriation are:

- Sprouts – students leaving pre-kindergarten and entering kindergarten in the fall and students entering first grade,
- Scholars – students entering second through seventh grades,
- After-school programs,
- The Summer Bridge Program, and
- Intercession programs.

Many of these programs contain professional development components for teachers.

Students in hundreds of school districts statewide are eligible to receive services through these programs based on tiered eligibility criteria. Funds are distributed via grants to districts. All programs will include an evaluation of measurable results.

**ACADEMIC DIFFICULTY - HISPANIC STUDENT SERVICES**

$374,600

The Hispanic Student Dropout Prevention Program provides supplemental, optional and alternative education programs to Hispanic students to ensure that cultural and language differences do not create barriers to their success in school. Program funding allows school districts with increased Hispanic enrollment to help these students complete high school. Ten grants serving 2,000 students were awarded in FY00. Activities funded by these grants included tutorial services, career counseling, and academic programming during non-school hours. Grants are awarded to eligible agencies through a competitive request for proposal process. State funding assists in meeting the increasing number of requests for assistance for this student population.

**ACADEMIC DIFFICULTY - PARTNERSHIP ACADEMY**

$600,000

The Illinois Partnership Academy fosters high school reform and restructuring for school improvement. The Illinois Partnership Academy is a three-year to four-year school-within-a-school program for grades 9-12 organized around a career theme and operated as a business education partnership. The Academies have a dual purpose: to prepare students for both college and careers during the high school years by integrating rigorous academic, career and technical education that addresses the Illinois Learning Standards, Occupational Skill Standards and Workplace Skills.
The Illinois State Board of Education makes available $10,000 planning grants on a competitive and need basis for districts to form business-education partnerships, attend training, visit demonstration sites, pay for substitute teachers and other reform-related costs associated with restructuring the high school. Additionally, operational and supplemental grants and competitive Lighthouse/Mentor School grants will be made available to established academies as funds allow.

State funding supports approximately 45 high schools to plan and support the development of Partnership Academies in accordance with researched essential elements for best practices. Local and statewide annual performance assessment will be carried out related to student achievement, student attendance, credit accrual and progression towards on-time graduation. Districts may use funds for planning activities, implementation activities, professional development, improvement of instruction, curriculum development, extra-common planning periods, capital outlays for equipment, instructional materials and supplies.

**ACADEMIC DIFFICULTY - TRUANTS’ ALTERNATIVE AND OPTIONAL EDUCATION PROGRAM (TAOEP)**

$18,660,000

Sections 5/2-3.66 and 204.1 of the School Code authorize the State Board of Education to provide grants for the establishment of the Truants’ Alternative and Optional Education Program (TAOEP). This program, which offers part-time or full-time options to regular school attendance, provides modified instructional programs or other services designed to prevent students from becoming truant or dropping out of school. The program serves dropouts up to and including students 21 years of age and students identified as potential dropouts including truants and uninvolved, unmotivated and disaffected students. This initiative links to the State Board’s Strategic Commitment of ensuring that students at risk of academic failure are able to meet the Learning Standards. Funds are awarded on a three-year competitive cycle basis through a request for proposal process.

Recent TAOEP program performance information demonstrated the following outcomes:

- Approximately 13% of the students served were retrieved dropouts and 36% were chronic truants. 26% were potential dropouts with low attendance and 25% were potential dropouts without low attendance.
- 70% of the students served achieved one or more of the objectives stated in their individual optional education plan. The most frequent objectives were: 1) meet an attendance rate target (60% met); 2) get promoted to the next grade (66% met); 3) improve test scores (34% met).
- More than 88% of the students achieved positive outcomes. Overall, the most frequent positive outcome was meeting or exceeding attendance rate target (45%), followed by getting promoted to the next grade (30%).

**ACADEMIC DIFFICULTY - URBAN EDUCATION PARTNERSHIP GRANTS**

$1,450,000

Urban Education Partnership Grants support innovative programs and activities at the local school level that will result in improved student achievement through the enhancement
of authentic partnerships with other education stakeholders and community and family members. Proposals are developed by local schools with the building principals as the project directors. All grants must have a collaborative partnership with an external agency such as a business, social service agency, community-based organization, or local government unit. The goal is to develop unique programs that provide systemic changes in the academic environment of the school. The most recent population served includes 11,434 students and 980 teachers within 46 urban and urban-like school districts throughout Illinois.

Grant awards in amounts up to $30,000 per year have been given to attendance centers in urban school districts through a competitive application process.

AGRICULTURAL EDUCATION PROGRAMS

$2,000,000

Agricultural Education is authorized by Section 2-3.80 of the School Code. These funds provide assistance to school districts in developing comprehensive programs in agricultural literacy, K-Adult and agricultural career preparation. General awareness or literacy programs serve to educate the general public about agriculture to enhance the development of informed consumers. At the elementary level, this effort is coupled with reinforcing the Illinois Learning Standards, particularly in the area of Science. Agricultural education at the secondary level prepares students for employment in the agricultural industry or for further education.

In FY00, approximately 17,898 secondary and 4,023 post-secondary students were served in agricultural education programs. Approved Agricultural Education programs are operating in 296 high schools, 20 community colleges and four universities. Districts/universities with approved agricultural education programs are eligible to participate in the incentive funding grant process.

Approximately one-half of the funds flow directly to local secondary districts through the Education for Employment regional delivery systems as incentive funds to maintain and/or improve agricultural education programs. The remaining funds are granted to local education agencies through an RFP process for priority statewide initiatives identified in cooperation with the Illinois Committee for Agricultural Education (ICAE), a state agricultural education advisory committee appointed by the governor.

Funds are provided to continue improvement of the quality of agricultural education programs in Illinois. The following are examples of agricultural education activities: Facilitating Coordination in Agricultural Education (FCAE) project; incentive grants coordinated through the Education for Employment regional systems; instructional materials and professional development activities; a comprehensive statewide teacher in-service program; model program grants; expansion of agriscience integrated educational kits; survey (assessment) of agricultural programs; expansion of agriculture awareness programs, K-Adult; revision of the Illinois Core Curriculum for Agricultural Education; integration of instructional and communications technology into the classroom and others.
**ALTERNATIVE EDUCATION PROGRAMS/REGIONAL SAFE SCHOOLS**

$15,352,000

Alternative Learning/Regional Safe Schools are authorized by Public Act 89-383. The Regional Safe Schools Program is one component of Alternative Learning. Citation 105 ILCS 5/13A allows Regional Offices of Education, Educational Service Centers in Cook County, and the Chicago Public Schools to provide services to students who have engaged in gross misconduct that meet the criteria for their expulsion or suspension from school. The purpose of the Regional Safe Schools Program is to provide an alternative learning environment for these students that meet their particular needs. This in turn increases the safety within regular schools serving to enhance that learning environment. The appropriation provides academic instruction, counseling, behavior modification, aggression therapy, conflict resolution, work-based learning, and community service to 6,000 students in 127 sites statewide.

Funds are awarded based on a two-part formula calculation. The first establishes a foundation level for each Regional Office of Education and Intermediate Service Center. The remaining balance of funds is awarded to each Regional Office and Service Center based on the average daily attendance for districts in the area compared to all other regional areas. The funding level ensures that a statutory change permitting 1% of the funds to be used for statewide staff development will not result in a decrease in the amount of funds supporting program offerings. In FY99, the Regional Safe Schools Program served 4,800 students. In addition, the number of students suspended in FY99 decreased by more than 15% and the number of students expelled increased by less than 2%. An end-of-year report is compiled and available for distribution by November of the following school year.

**BILINGUAL EDUCATION - CHICAGO/DOWNSTATE**

$55,552,000

Bilingual Education – Chicago/Downstate is authorized by Article 14C of the School Code. The purpose of transitional bilingual education (TBE) is to ensure that students of limited-English proficiency have the opportunity to develop English skills to a proficiency level that enables them to participate in the general school program. School districts with 20 or more students who speak the same language in one school are required to provide a transitional bilingual program—consisting of English as a Second Language and native language instruction in the content areas. Schools with fewer than 20 such students in one school are required to provide a Transitional Program of Instruction (TPI), which requires English as a Second Language, and native language instruction to the extent practical.

Chicago serves about 53% of the students; the remaining 47% are served in downstate districts located primarily in the northern half of the state. Of the students served, approximately 80% are Spanish-speaking; the balance speaks one of more than 95 other languages.

In FY00, Chicago programs enrolled an estimated 62,092 students: 56,501 in TBE programs and 5,591 in TPI programs. For downstate, an estimated 55,977 students were enrolled: 39,923 in TBE programs and 16,054 in TPI programs. Service levels as reported by districts in the program applications were Chicago – 62,092 and Downstate
– 55,977, for a total of 118,069 students served, a decrease of 4.4% from the previous year.

Reimbursement is made quarterly on a current-year basis to schools with approved bilingual programs. The amount of each district's grant is influenced by the size of the student population, location of eligible students in the district, number of languages to be served, and the grade levels of eligible students. State funding is used to pay for teachers, purchase appropriate materials, and otherwise support required activities.

**CAREER AWARENESS AND DEVELOPMENT INITIATIVE**

**$1,117,800**

The Career Awareness and Development program is one of the primary components in Illinois' Education-to-Careers system. This program helps students make a smooth transition from education to the workplace by providing opportunities for students to identify their interests, goals, aptitudes and abilities; to explore the world of work; and to develop decision-making and life-planning skills. This program serves elementary school students throughout the state. Approximately 446 school districts and 115 separate elementary buildings in Chicago Public School District 299 are impacted. Staff development will be provided to 1,700 instructors, 290 counselors, and 160 administrators. Formula-driven grants are available to Regional Offices of Education and Intermediate Service Centers. State funding provides opportunities for teachers of 4th – 8th grades to learn about career development, and how to visit businesses that will demonstrate how the learning standards are used, and to learn how to plan integrated classroom experiences that prepare students with the skills needed for career planning.

**CERTIFICATION RENEWAL ADMINISTRATIVE PAYMENT PROGRAM**

**$1,000,000**

The Certification Renewal Administrative Payment Program is authorized by Public Act 91-102. This program is to provide local education units with funding to defer costs associated with convening Local Professional Development Committees. These committees, required by law, have three major functions: reviewing teachers' certificate renewal plans, reviewing and awarding credit for the activities they complete and recommending whether or not their certificates should be renewed. Entitlement grants are distributed to 897 school districts, 68 Special Education Co-operatives, 17 Charter Schools, and four state-operated schools.

**CHARTER SCHOOLS**

**$12,000,000**

Charter Schools are authorized by Section 27A-11 of the School Code, as amended by P.A. 91-405 and P.A. 91-407. The goal of charter schools is to encourage educational excellence and improve student learning relative to the Illinois Learning Standards, both in new schools and within the existing public schools. Charter schools offer parents, teachers and other responsible parties the opportunity to form innovative public schools that will be exempt from all but the most essential state laws and rules. Accountability for "inputs" is exchanged for accountability for "results."

According to a recent US Department of Education report, a lack of start-up funds and planning time are the most significant barriers to developing charter
schools (59% and 42% respectively). Other states have created a no-interest loan program (Louisiana) or a start-up grant program (Pennsylvania, Ohio and Minnesota). Another cited barrier to establishing charters is inadequate facilities (35%). Arizona, Florida and Minnesota have established lease aid or capital facility initiatives to assist their charter schools.

Under the Illinois Charter School Funds, the State Board of Education would make start-up grants and loans to charter schools in their initial years after chartering. These provisions would be used for approximately 6-10 Illinois charter schools in FY00. In 1996-97, there was 1 charter school in Illinois and approximately 50 students served. In 1997-98, there were 8 charter schools with about 3,400 students served. In 1998-99, there were 13 charter schools in operation, with about 4,800 students served. In 1999-2000, there are 17 charter schools in operation, with about 5,600 students served.

Applications for the loan and start-up grant funds are made available to charter schools certified by the State Board of Education. Charter schools could seek to have both funds, although it is more likely that one or the other will be sought. Payments received by the charter school governing board go back to the State into a revolving loan fund for use in future years.

State funding helps Illinois charter schools defray some of their initial costs. The funding enables new charter schools to focus on implementing their educational programs by eliminating some of the needs to conduct fund-raising and to garner startup support from other resources. Performance measures relate to the charter schools and not the funds themselves. An annual report to the Governor and General Assembly details performance levels.

**CRIMINAL BACKGROUND INVESTIGATIONS**

$657,300

The Criminal Background Investigation program is authorized by 105 ILCS 5/10-21.9 and 625 ILCS 5/6-106.1. The purpose of this program is to provide financial assistance to local districts to pay for the criminal background investigations of staff including teachers and school bus drivers.

All districts are eligible to participate in the program. Claims for reimbursement under the Criminal Background Investigation allocation are paid during August.

**DISTRICT CONSOLIDATION/ANNEXATION COSTS**

$3,613,000

The District Consolidation/Annexation Costs initiative is authorized by Sections 18-8 A.5 (m), 18-8.2, 18-8.3, & 18-8.5 of the School Code. The purpose of this initiative is to provide financial incentives to school districts that have reorganized recently, either by consolidation or annexation. These incentives and activities include:

- Supplemental state aid payments for four years to a new or annexing district.
- Supplementary state support for four years for new districts to pay the difference in salaries.
- Difference between any negative fund balances among the previously existing districts.
- Additional funds of $4,000 per each certified staff person.
- Creation of a Reorganization Advisory Group.
Funding of Reorganization Studies, available through Regional Offices of Education, to districts considering reorganization.

Funding of a study to evaluate the educational and financial benefits or need for reorganization.

Appropriations are based upon known second- and third-year payments and estimates of additional needs of known or likely reorganizations.

**DRIVER EDUCATION**

**$15,750,000**

Driver Education is authorized by Section 27-24 of the School Code. The program reimburses local public school districts for providing driver education instruction. Funds for this program are generated from driver's license fees and a portion of the fines levied for certain motor vehicle violations.

Every district that maintains grades 9 through 12 must offer classroom and behind-the-wheel training. High school pupils in public and nonpublic schools in the district are eligible to enroll in the course, as are all other residents between the ages of 15 and 21 who have valid driver's licenses (permits). The state reimburses districts for a portion of the prior year's per-pupil costs of classroom and behind-the-wheel instruction.

**EARLY CHILDHOOD BLOCK GRANT**

**$170,171,800**

The Early Childhood Block Grant is authorized by Section 2-3.71 of the School Code, as amended by PA 90-548. The Early Childhood Block Grant provides Early Childhood Education and Family Education programs and services for children and their families. The purpose of these programs and services is to assure that all young children enter school ready to learn. Programs funded under the Block Grant include the Pre-kindergarten Program for Children at Risk of Academic Failure, Early Childhood Parental Training, and the Prevention Initiative. In addition, 8% of these funds must be spent on services for children in the birth to three-age range.

The Block Grant serves children aged three to five years in a preschool educational program for children identified as being at risk of academic failure; parents of children aged five years and under who are district residents in a parent education program, and at-risk families of children under the age of three in a program that provides parent education and child development services. There are an estimated 130,000 children in Illinois who would qualify for early childhood educational services. An estimated 55,000 children were served in the Pre-kindergarten Program in FY00.

Funds are awarded on a competitive basis through a request for proposal process. State funding provides maintenance of effort for 437 continuing early childhood grants statewide, expands existing programs to provide more services such as full-day Pre-kindergarten to serve more children and families in under-served areas, and funds new services in unserved areas or populations.

**ELECTRONIC LONG DISTANCE LEARNING NETWORK, INC.**

**$1,700,000**

The Electronic Long Distance Network program presents science curriculum through problem-based learning techniques delivered via today's communications and computer technology. A corollary effect is to give
students computer, CD ROM, Internet and World Wide Web technology training and skills, which are important to their ability to function as employees and citizens in the years ahead.

In FY99, four initial science subjects were selected and developed from *The New Explorers* television series by Illinois middle school teachers working with curriculum writers under the direction of Roosevelt University. These pilot science units met the new Illinois Learning Standards and were piloted in grades 5 through 8 in twenty-nine Illinois schools. Pilot schools reflect a cross-section of ethnic/race, socioeconomic factors, urban/suburban/rural, public, and private schools. Each school, which must be equipped with a television, a computer with CD ROM player and Internet connection, and communication equipment, is then supplied with curriculum, teachers’ guides, student experiment kits and parent/community involvement opportunities. Teacher training/staff development is another key component of this multi-media integrated science-based program.

**EMERGENCY FINANCIAL ASSISTANCE FUND**

**$805,000**

The Emergency Financial Assistance Fund is authorized by Article 1B-8 of the School Code (105 ILCS 5/1B-8). This appropriation provides grants and loans to school districts that are approved for emergency financial assistance. Eligibility criteria are specified in Article 1B-4 of the School Code.

The maximum amount of an emergency financial assistance loan which may be allocated to any school district under this Article, including moneys necessary for the operations of the Panel, shall not exceed $1,000 times the number of pupils enrolled in the school district during the school year ending June 30th prior to the date the State Board gave approval of the petition for emergency financial assistance. An emergency financial assistance grant shall not exceed $250 times the number of such pupils. A district may receive both a loan and a grant. All loan repayments (with simple interest at a rate equal to 50% of the discount rate on one-year United States Treasury Bills) are received by the Illinois State Board of Education and deposited in the School District Emergency Financial Assistance Fund.

Eligibility is limited to school districts that have an approved petition for emergency financial assistance under the provisions of the Article 1B of the School Code. The payment of an emergency State financial assistance grant or loan shall be subject to appropriation by the General Assembly.

**FREE LUNCH AND BREAKFAST**

**$19,500,000**

The Illinois Free Lunch and Breakfast program is authorized by the School Free Lunch Program Act (105 ILCS 125). Through this reimbursement program, schools (public and private) and other designated sponsors are encouraged to provide free breakfasts and free lunches to eligible needy children. Public schools are mandated to provide free lunches to eligible needy children. Eligibility for free meal programs is determined by applying the income-level guidelines of the National School Lunch Program.

Schools and other designated sponsors submit monthly claims to the Illinois State Board of Education for reimbursement on a current-year basis. Up to $0.15 of state reimbursement is authorized for each free breakfast and free lunch provided.
GENERAL STATE AID
$3,030,563,600
General State Aid (GSA) is authorized by Section 18-8.05 of the School Code, as amended by P.A. 90-548. General State Aid funds represent the major portion of state support for Illinois public elementary and secondary schools. Kindergarten through grade 12 and eligible pre-kindergarten students provided educational services by public school districts benefit from local receipt of State Aid.

The formula provides for different methods of funding allocation, dependent primarily upon the equalized assessed valuation of property within the school district boundaries and average daily attendance. Kindergarten through grade 12 and eligible pre-kindergarten students provided educational services by Illinois public school districts have benefited from the distribution of General State Aid based, in part, on average daily attendance (ADA).

See Appendix C for a specific discussion on General State Aid and General State Aid – Supplementary Payments.

GIFTED EDUCATION REIMBURSEMENT
$19,695,800
The Gifted Education Reimbursement Program is authorized by Article 14A of the School Code. These funds reimburse districts for services and materials to assist in implementation of the Comprehensive Gifted Education Plan. These funds also enable schools to provide direct services to children identified as gifted and to provide resources for professional development related to addressing the needs of these students. Districts may request distribution of funds in one of two ways—based on a formula basis (5% of the average daily attendance) or a personnel method (number of teachers providing gifted program services).

The gifted program is designed to serve grade K-12 students whose mental development is accelerated beyond the average or who have demonstrated a specific aptitude or talent and can profit from specially planned educational services, including students with exceptional ability in academic subjects, creativity and the arts. Public Act 85-880 requires school districts, pending appropriate funding levels, to provide services to all gifted K – 12 students in all fundamental learning areas. Each participating district is required to develop a local Comprehensive Gifted Plan that describes how students are to be identified, professional development activities, personnel to be used, a program description, evaluation methods, and projected implementation costs. State funding supports district implementation of their local Comprehensive Gifted Education Plan.

GOVERNMENTAL STUDENT INTERNSHIP PROGRAM
$129,900
The Illinois Governmental Internship Program, which is co-sponsored by the State Board of Education and the Springfield School District #186, provides high school seniors an opportunity to explore careers while working as interns for government agencies in Springfield. The interns, who serve as special assistants, take a semester's sabbatical from all their regular studies. Monday through Thursday, Illinois Governmental Interns work under the guidance of management level personnel in state agencies such as the Attorney General's Office, the Governor's Office, Illinois
Information Services, the Department of Children and Family Services, and the State Board of Education. Interns attend policy meetings and conferences with their sponsors, do special assignments, prepare memoranda and reports, and occasionally travel with their sponsors. On Fridays, while participating in seminars, interns gain additional information about careers, as well as develop an understanding of leadership and the qualities necessary for success in a professional environment. The combination of job and classroom experiences creates an exceptionally educational semester for the interns. Students live in Springfield during their semester of internship. Funds are distributed based on a grant to Springfield School District #186 to support the program administration.

**ISBE ADMINISTRATION - LIABILITY INSURANCE**

$407,200

Liability insurance is authorized by Section 2-3.124 of the School Code, as amended by P.A. 90-548. The purpose is to provide liability insurance for all certificated employees of school districts, joint agreements and similar educational entities in such amounts and for such purposes as stated in Section 2-3.124 in order to protect these employees against liability claims arising out of their official duties. The population served is all certificated employees of school districts, joint agreements, and similar educational entities as described in Section 2-3.124. Funds are awarded based upon a competitive request for proposals process. State funding provides liability insurance for all certificated employees of school districts.

**ISBE ADMINISTRATION - PURCHASED CARE REVIEW BOARD**

$166,400

This program is authorized by Section 14-7.02 of the School Code. The Illinois Purchased Care Review Board is composed of all state agencies that place children and youth with disabilities for care, treatment and educational purposes in approved private placements. The staff serving the Board evaluates costs and proposes rates based upon agency cost and program regulations for special education services provided by private schools. School districts that place such children and youth may pay only up to the approved cost level for tuition and room and board.

Approximately 222 private school tuition rates and 127 residential rates are set annually by the Illinois Purchased Care Review Board. All students placed in private facilities by school districts must be placed in facilities that are approved by the Illinois State Board of Education and have rates set by the Illinois Purchased Care Review Board. Approximately 5,100 students are placed annually by public schools in private placements. State funding provides expenditures for part of the operations of the Illinois Purchased Care Review Board. The remaining operational costs are paid from federal funds.

**JOBS FOR ILLINOIS GRADUATES**

$2,800,000

Jobs for Illinois Graduates (JILG) assists Illinois’ economically disadvantaged and at-risk youth who are at most risk of unsuccessful transition from school to work and long-term under/unemployment. This is
achieved by providing the students with employability, workplace and leadership skills and career development assistance.

Students receive high school credits for their work in the JILG program. Performance standards for completion are:

- 100% of the students master the 30 core competencies that include basic skills, career development, job survival, job obtaining, leadership and self-development and social skills,
- 90% overall graduation/GED rate (within one year of the normal school-leaving time), and
- 80% overall after-program success rate (employed, in the military or enrolled in postsecondary education or training).

As of November 1999, the Jobs for Illinois Graduates program were operating in 67 senior-year programs and one pilot multi-year program. The Illinois Graduate program serves approximately 2,000 students and exceeded the national performance standards for FY 1997 and FY 1998. Funds are awarded on a competitive basis through a request for proposal process. Program success is measured by graduation rate, post-program success (employed, military or continued education) and employment compared to similar students not completing the program. The first year's success rate of JILG programs has exceeded the national performance standards.

LOW-INCIDENCE DISABILITIES
$1,500,000

This program provides funding to supplement the cost of serving students with low-incidence disabilities. The funds are distributed to special education cooperatives and districts based on the December 1, 1998 child count required by the Individuals with Disabilities Education Act. Performance is assured through the regulatory compliance monitoring performed by the Illinois State Board of Education.

MINORITY TRANSITION PROGRAM
$300,000

Minority Transition Program helps prepare disadvantaged minority youth for college matriculation and graduation through a wide range of programs and activities. Specific activities are designed to involve students in grades 5-12, their parents, and members of their communities in projects that introduce them to the many issues involved in enrolling students in higher education.

The population served includes disadvantaged students from selected Chicago high schools and elementary schools. Approximately 100 students in grades 5-12 are served annually. State funding maintains current program levels and services for an estimated maximum of 100 students.

NATIONAL BOARD CERTIFICATION
$75,000

The National Board for Professional Teaching Standards (NBTPS) is authorized by P.A. 91-606. The goal of this initiative is to ensure a quality teacher in every classroom by providing incentives and support for Illinois teachers to earn certification from the National Board for Professional Teaching Standards (NBPTS). The National Board was created in 1987 to develop a system for recognition of advanced accomplished teaching. National Board certification is a symbol
of professional teaching excellence. It indicates a teacher has been judged by his or her peers as one who is accomplished, makes sound professional judgments about students’ best interests, and acts effectively on those judgments. National certification is consistent with the effort of ensuring quality educators in classrooms to advance student achievement.

Effective December 1999, Illinois had 88 nationally certified teachers, up from 16 in 1997-1998. The Illinois pass rate continues to exceed the national average by nearly 10%. Approximately 160 candidates are participating in the process in 1999-2000, with passing scores to be announced in December 2000.

**ORPHANAGE TUITION - REGULAR EDUCATION**

$16,000,000

The Orphanage Tuition - Regular Education program is authorized by Section 18-3 of the School Code. This program reimburses school districts for the cost of providing educational services to children residing in orphanages, children’s homes, and state-owned housing. The special subsidy is required since districts receive no local property tax revenue on behalf of such children and cannot claim them in average daily attendance for General State Aid purposes. Section 18-3 of the School Code establishes a prior-year funding formula for determining a district’s per capita tuition. The State Board of Education reimburses the district a 1.2 per capita tuition amount for each eligible child attending school in the district. Documented costs in excess of 1.2 per capita tuition are reimbursed in accord with regulations.

**PROFESSIONAL DEVELOPMENT BLOCK GRANT**

$25,827,500

The Professional Development Block Grant is authorized by Section 1C-2 of the School Code, as amended by P.A. 90-548. This Professional Development Block Grant is the combination of the Block Grant for School Improvement and the Regular Education Initiative Program. The block grant approach provides greater flexibility for school districts to implement local improvement plans and greater efficiency for both state and local personnel in the administration of these funds. These funds are to be used to build the capacity of educators to improve student learning relative to the Illinois Learning Standards. The block grant has primarily been used by local personnel to support staff development and to implement local assessment systems according to their own unique needs and was distributed to school districts based on district enrollments. Funds will be distributed to all public school districts by a formula based on full-time certified instructional staff. State funding supports the development and implementation of local school improvement plans.

**READING & MATHEMATICS - READING IMPROVEMENT BLOCK GRANT**

$83,389,500

The Reading Improvement Block Grant is authorized by Section 2 - 3.51 of the School Code for the block grant, as amended by Public Act 90-548. The purpose of the Reading Improvement Block Grant is to improve the reading and/or study skills and student achievement relative to the Illinois Learning Standards of children K-6. Districts must use funds to reduce class size in grades K-3, to extend the school
day or school year, create transitional grades between grades 1-2 and 2-3, establish reading academies, hire additional aides or reading specialists, and/or retrain teachers to improve their reading instruction skills.

In FY00, more than 60% of the funds were used by districts to increase the availability of reading specialists/aides, and approximately 20% of funds were used to reduce class size (K-3). The block grant funds are allocated to school districts based on the following formula: 1) 70% of the funds are distributed according to the best three months average daily attendance in grades K-6 (approximately $58/student in FY99); 2) 30% of the funds are distributed according to the number of ESEA, Title I eligibles estimated to be available for attendance in grades K-6 (approximately $135/student in FY99). Grant payments are made in two equal, semiannual installments.

READING & MATHEMATICS - READING IMPROVEMENT STATEWIDE PROGRAM

$2,500,000

The Right to Read Initiative is a research- and practice-based effort to provide leadership and support for reading improvement throughout Illinois. Funds support state-level activities that supplement and complement local district activities funded through the Reading Improvement Block Grant. These activities include improving the abilities of all teachers in reading instruction, ensuring that local programs are based on research and best practices, and providing targeted support and assistance to schools that have low reading achievement.

The potential service population includes all public schools and school personnel, teacher preparation programs and teacher educators, parents, adult and family education program participants, libraries and community and business leaders. Priority is given to activities that support the goal of ensuring that Illinois students learn to read well by the end of the third grade, and services will be structured consistent with that priority.

Funds are used by the State Board of Education for direct services or for contracted services based on a request for proposal process. Specific activities funded through this initiative will include research-based professional development for teacher candidates and teachers already in the classroom; demonstration sites for observation of best practices in reading instruction; research- and practice-based materials to assist school personnel in improving their reading program; and reading coaches and other technical assistance and support for schools with high percentages of students with low reading achievement.

Other activities identified in the Right to Read Initiative as important for all schools and students -- such as support for parental involvement in reading and development of a partnership with business -- will also be funded through this line item. Each of the activity clusters will be designed around goals and objectives that will then form the basis for evaluation of the success of the activity (e.g., teacher training).

READING & MATHEMATICS - SCIENTIFIC LITERACY

$8,583,000

The Scientific Literacy program is authorized by Section 2-3.94 of the School Code. This program authorizes the State Board of Education to establish a Center on Scientific Literacy to provide technical assistance and
teacher training to school districts in the areas of science, mathematics and educational technology. The Center coordinates and supports the development of alternative curriculum models that focus on the learning needs of students by teaching analytical thinking through concepts and problem-solving skills. The Center also provides leadership and support in the development of appropriate assessment instruments for the alternative curriculum. The activities tie to the Illinois Learning Standards and the proposed Teaching Standards as they are refined and approved.

This is a statewide leadership and technical assistance program serving teachers and students in grades K-12 in Illinois public schools. During FY00, 87 grants were authorized to serve Illinois learners, including students in nearly 100 districts and approximately 1,000 teachers in the competitive grant program, as well as all the Regional Offices of Education and Intermediate Service Centers. Funds are distributed to participating agencies based on a competitive request for proposal process.

State funding supports both grants to schools and state leadership activities. The competitive grant funds are open to all schools as they propose the development of local programs and to colleges/universities/not-for-profit organizations proposing teacher training opportunities, whereas, the state leadership funds are focused on specific, field-determined statewide training needs.

**RECORDING FOR THE BLIND & DYSLEXIC**

**$175,000**

Recording for the Blind and Dyslexic is a nonprofit, volunteer-based organization whose mission is to promote educational success for individuals who have visual and reading impairments by converting published materials into recorded, computerized and other accessible formats. The funding provides access to printed word for students in elementary and secondary education settings across the state. The conversion of the printed texts is for educational purposes only, not for pleasure reading. This initiative provides students in Illinois who have visual and reading impairments access to published materials in a timely, efficient and cost-effective manner.

Service levels across the state are compiled on a countywide basis. In FY98, 1,512 borrowers at elementary and secondary schools benefited from this initiative. Funds are distributed based on a grant to Recording for the Blind and Dyslexic.

**RESIDENTIAL SERVICES AUTHORITY**

**$358,800**

The Community and Residential Services Authority are authorized by Section 14-15.01 of the School Code. The Authority (for behavior disordered/emotionally disturbed youth) is responsible for developing a coordinated interagency approach to providing services for this population, including the development and maintenance of an interagency dispute resolution process.

The Authority staff was involved with over 400 individual cases in FY99. Community collaborative, e.g., Local Area Networks (LANs), is continuing to address greater numbers of children and families in need. The Authority has recouped approximately $100,000 in federal revenue since 1993 through Medicaid Administrative Case
Management Services. Medicaid reimbursement is expected to continue at approximately 8%-10% of the Authority’s annual budget. State funding assures statewide operations for the Authority to meet statutory mandates.

ROE/ISC - ADMINISTRATORS’ ACADEMY
$858,000

The Administrators’ Academy is authorized by Section 2-3.53 of the School Code. The purpose of the Academy is to establish a statewide, regionally based program to provide professional development opportunities for school administrators. The primary activity of the Administrators’ Academy is to train administrators in the evaluation of certified personnel, school improvement and school accountability. Additional training includes professional development courses in instructional leadership. The population served includes all elementary and secondary school administrators in Illinois. Approximately 11,000 administrators are eligible for Administrators’ Academy services.

Entitlement grants are distributed to 44 Regional Offices of Education (ROE) and four Intermediate Service Centers (ISC), of which one ISC is Chicago District #299. State funding supports training of administrators in teacher evaluation, instructional leadership and administrative skill development with special emphasis on school improvement.

ROE/ISC - FINANCIAL AUDITS
$506,300

ROE/ISC-Regional Superintendents’ Audits are authorized by Sections 2-3.17a, 2-3.22, and 3-6.1 of the School Code. The law requires the State Board of Education to conduct an annual financial audit of the 45 Regional Offices of Education and three Intermediate Service Centers. These audits are performed in compliance with federal regulations and ISBE provided guidelines. Funds will be awarded on a competitive basis through a request for proposal process. State funding purchases services of CPA firms to audit the 45 Regional Offices of Education and three Intermediate Service Centers.

ROE/ISC - GED TESTING
$210,000

General Education Development (GED) Testing is authorized by Section 5/3-15.12 of the School Code, as amended by Joint House Resolution 24 on June 1, 1997. The purpose of this appropriation is to support the cost associated with applicants taking the GED test. In June 1996, the American Council of Education increased the cost for every first-time candidate who takes the GED test by $6.00. Funds are distributed based on a noncompetitive contract with American Council on Education to supplement the cost of providing GED testing. State funding provides the necessary funds to cover the costs associated with the GED test.

ROE/ISC - LEadership DEVELOPMENT INSTITUTE
$350,000

The purpose of the Leadership Development Institute is to assist school administrators in effectively leading change through the development of enhanced facilitation and communication skills. The goal of the institute is to draw upon the combined wisdom and experience of education and business to explore and expand upon ways to improve education for the students of the 21st century. The
program includes a four-day leadership development institute (LDI-I) for district superintendents and a five-day executive leadership institute (ELI-I) for school principals. A second generation program for each is also available, as well as periodic follow-up activities.

The Leadership Development Institute is an outgrowth of business and education partnerships among the Illinois Association of School Administrators and the Illinois Principals Association. Funds are granted through a request for proposal process.

State funding supports the LDI-1 and ELI-1 activities. Through this program, school administrators participate in activities that enhance their abilities in the areas of visionary leadership, strategic thinking, collaboration and team building, and promoting change.

ROE/ISC - REGIONAL SUPERINTENDENTS’ SALARIES
$7,311,500

ROE/ISC-Regional Superintendents' Salaries are authorized 105 ILCS 5/3-2.5. This program pays the salaries of superintendents and assistant superintendents of Regional Offices of Education (ROEs). There are 45 regional superintendents and 48 assistants. Each Intermediate Service Center has one state-supported assistant with the exception of the three in suburban Cook County, which have two state-supported assistants.

Salaries of the regional superintendents are determined by the General Assembly according to the population of the region served, as established by the last preceding federal census. Salaries are paid monthly. In any region in which the appointment of more than one assistant superintendent is authorized, one assistant may be compensated at no more than 90% of the regional superintendent's salary, and any other assistants shall be paid at a rate not exceeding 75%, in each case depending on the qualifications of the assistant. Additional personnel and salaries can be provided by local board funding.

ROE/ISC - SCHOOL BUS DRIVER TRAINING
$50,000

School Bus Driver Training is authorized by Section 3-14.23 of the School Code and Section 6-106.1 of the Illinois Vehicle Code. The purpose of the School Bus Driver Training program is to fulfill the State Board of Education’s responsibility to provide school bus driver initial and refresher training. Classes are coordinated through the Regional Offices of Education and taught by school bus driver instructors certified by the State Board of Education. Of the 25,000 school bus drivers in Illinois; approximately 20,000 require annual refresher training and 5,000 require initial training annually.

Partial reimbursement is provided to 45 Regional Offices of Education for training courses that are conducted. Current law allows the Regional Offices of Education (ROE) to charge a fee of up to $4.00 per person for school bus driver training. This fund source will provide additional revenue to assist the ROEs in meeting the cost of providing the training as required by law.

ROE/ISC - SCHOOL SERVICES
$12,360,000

Section 2-3.62 of the School Code established 45 Educational Service Regions (Regional Offices of Education), three Intermediate Service Centers in Suburban Cook County outside the city of Chicago, and one Chicago Intermediate Service Center.
Chicago District #299 acts as the Chicago Intermediate Service Center.

These entities are designated to provide programs and services in the areas listed below by developing a Regional Improvement Plan that includes: 1) scope and content of programs and services, 2) services planned to address school improvement service needs as identified in an annual needs assessment, 3) delivery of services, 4) estimated cost of programs and services, and 5) evaluation of services provided.

- Education of Gifted Children.
- Computer Technology Education.
- Staff Development Services in Fundamental Learning Areas.
- Administrators’ Academy.
- Directory of Cooperating Consultants.

The Regional Offices of Education conduct compliance monitoring activities with schools and districts in their region and take on specialized roles as appropriate to serve the schools in the region and the state. State funding supports school improvement activities through training and assistance for teachers and administrators.

ROE/ISC - SERVICES TO CHICAGO

$870,000

ROE/ISC–Services to Chicago are authorized by Section 2-3.105 of the School Code. These funds support the State Board of Education’s responsibilities for carrying out the Regional Superintendent duties for Chicago. These duties consist mainly of providing GED testing to the city of Chicago and the suburban Cook counties, teachers’ certificates, and bus driver training.

The State Board of Education provides Chicago with GED testing services for approximately 18,000 persons a year; the registration of 35,000 teachers’ certificates per year; processing of 15,000 applications for certification; compliance monitoring of Chicago public schools; truancy services to Chicago Public schools; and data collection and reporting. In FY00, the GED testing services were distributed on a competitive request for proposal, while the teacher certification and bus driver training were administration costs. State funding provides the costs for the State Board of Education to perform the Regional Superintendent’s duties for the city of Chicago as it is required to do by statute.

ROE/ISC - SUPERVISORY EXPENSE FUND

$102,000

The Supervisory Expense Fund is authorized by Section 18-6 of the School Code. The statute provides that regional superintendents receive funds on an annual basis for expenses incurred for supervisory duties. The 45 regional superintendents throughout the state are being reimbursed for expenses incurred during the performance of their supervisory responsibilities throughout the 102 counties of the state. Regional superintendents receive an annual sum during the month of August for the expenses incurred for providing supervisory services in their region. An annual sum of $1,000 is provided to each regional superintendent for each county supervised.

ROE/ISC - TECHNOLOGY

$500,000

The ROE/ISC–Technology initiative is authorized by Section 2-3.62 of the School Code. This initiative enables staff in each Regional Office of
Education (ROE) and Intermediate Service Center (ISC) to assist districts throughout the state to implement statewide technology initiatives. Services are provided to all public schools in Illinois connected through the state-provided network designed to provide learning technology services through Regional Office of Education and Intermediate Service Center connections. Additionally, this network provides ROEs and ISCs access to statewide, regionally based software designed to improve the efficiency of their operations.

In FY00, funding was $500,000, of which $300,000 was provided to 45 Regional Offices of Education and three Intermediate Service Centers to support computer needs (hardware, software, and support) and to support learning technology services to local school districts. The remainder of the appropriation, $200,000, was used by ISBE to implement and support a statewide, regionally based accounting software system.

**SCHOOL CONSTRUCTION - MAINTENANCE PROJECTS**

$52,000,000

School Maintenance Projects was first authorized by Public Act 91-38. The purpose of this program is to provide state financial support for the maintenance or upkeep of buildings or structures for educational purposes.

The State Board of Education shall adopt rules that shall specify the methods and standards to be used by the State Board to prioritize applications. School Maintenance Projects are projects other than school construction projects.

Dollar for dollar, the State Board will match grants of up to $50,000 per project.

**SCHOOL CONSTRUCTION - SCHOOL TECHNOLOGY REVOLVING LOAN PROGRAM**

$50,000,000

School Construction Program – School Technology Revolving Loan Program is authorized by Sections 2-3.117 and 2-3.117a of the School Code. The School Technology Revolving Loan Program provides affordable financing for school technology hardware improvements. School technology loans are available to school districts to purchase technology hardware for students and staff for eligible grade levels on a three-year rotating basis: grades K-4 in year one (FY99) and each third year thereafter; grades 5-8 in year two (FY00) and each third year thereafter; and grades 9-12 in year three (FY01) and each third year thereafter.

**SCHOOL REPORT CARDS**

$1,340,100

The purpose of the Report Cards program is to provide financial assistance to local districts for printing and distributing each school’s state report card to every parent. All districts are eligible to participate in the program. Claims for reimbursement under the Report Card allocation are paid in March. State funding is estimated to be sufficient to pay all the claims submitted under this program at 100%.

**SCHOOL SAFETY & EDUCATIONAL IMPROVEMENT - BLOCK GRANT**

$40,597,000

The School Safety & Educational Improvement - Block Grant is authorized by Section 2-3.51.5 of the School Code.
The purpose of this block grant is to increase the flexibility of school districts to improve the quality of education and safety of students and student achievement relative to the Illinois Learning Standards. This grant provides funding for school safety, textbooks and software, teacher training and curriculum, development, school improvement, and remediation programs. Formula-based entitlement grants are distributed to all public schools and laboratory schools.

SCHOOL TECHNOLOGY REVOLVING FUND

$500,000

The School Technology Revolving Fund is authorized by Public Act 90-463. The School Technology Revolving Fund enables students to benefit from technology as a learning tool by providing nonpublic K-12 schools and permissive members across Illinois with affordable Internet access. These applicants purchase the necessary equipment and circuits from the Illinois State Board of Education’s LincOn Network. LincOn provides applicants with low subscription rates, along with connectivity options best suiting the clients’ needs.

Applicants include permissive members, elementary and secondary schools (K-12), including private nonprofit elementary and secondary schools; private nonprofit colleges and universities; public community colleges; public libraries; public colleges and universities; public museums; and public municipal and local governments. Permissive members pay a one-time enrollment charge and an annual subscription fee. Fees collected through the Revolving Fund are used to reimburse the state for costs associated with the connection of nonpublic K-12 schools and other permissive members.

State funding supports the following:

- promotes the use of technology in the classroom and offers students the opportunity to access and achieve the Illinois Learning Standards via the Internet.
- promotes staff development around the effective use of research-proven learning technologies in helping teachers help their students access and achieve the Illinois Learning Standards.
- promotes the effective use of evaluation and assessment instruments that are data-driven and focused on determining whether students have achieved the Illinois Learning Standards.
- provides affordable Internet access and connectivity to all Illinois Century Network members, and provides ongoing maintenance to the Illinois Century Network backbone.
- sustains technology leadership by assisting new members access the Internet by providing services such as equipment, site construction, and circuit installation, and by providing all members with ongoing customer service.

SPECIAL EDUCATION - COREY H. COMPLIANCE

$1,000,000

This initiative addresses the anticipated court order to be issued by Judge Robert W. Gettleman, Case #92 C 3409 Class Action suit Corey H. vs. Illinois State Board of Education, in the United States District Court for Northern District of Illinois. The class action lawsuit maintained that ISBE must ensure that Chicago School District #299 provides education in a least restrictive environment (LRE) and that ISBE must re-train many Chicago teaching staff to implement the LRE mandate. Additional training for personnel to understand the
concepts associated with LRE and cooperative instructional strategies will be undertaken. Funds will also be used to enhance ISBE compliance, monitor staff, and provide a clearinghouse for LRE and related issues.

There are 425,000 students in Chicago School District #299, 32,000 teaching staff, and 52,000 students with disabilities in 553 schools. Funds are distributed to Chicago School District #299 for personnel training and development on the concepts of LRE.

Funding provides in-depth staff development for Chicago #299 staff in the area of LRE. These funds augment Individuals with Disabilities Education Act (IDEA) funds to address the settlement agreement between ISBE and the plaintiffs in the Corey H. class action lawsuit.

**SPECIAL EDUCATION - EXTRAORDINARY SERVICES**

$208,419,700

Special Education – Extraordinary Services is authorized by Section 14-7.02(a) of the School Code. This initiative provides local school districts state reimbursement up to a maximum of $2,000 per child above the district’s per capita tuition charge. Eligible students are those with costs in excess of 1 1/2 times the district’s per capita tuition charge. The cost calculation process is delineated in rule.

The actual cost of educating the child with a disability is reduced by any funds received under other special education reimbursement programs.

**SPECIAL EDUCATION - MATERIALS CENTER FOR THE VISUALLY IMPAIRED**

$1,062,000

Special Education – Materials Center for the Visually Impaired is authorized by Section 14-11.01 of the School Code. The Materials Center operates through a grant to Springfield District #186 to address unique student needs. The Center purchases Braille and large-print books and textbooks, adapted materials, and equipment for use statewide by students with visual impairments. Approximately 3,124 elementary and secondary and 400 post-secondary students statewide receive materials through the depository for students with visual impairments.

**SPECIAL EDUCATION - ORPHANAGE TUITION**

$128,500,000

Orphanage Tuition - Special Education is authorized by Section 14-7.03 of the School Code. This initiative provides funds for local school districts to educate children and youth with disabilities who are not residents of the district but who are wards of the State of Illinois or are otherwise eligible for this funding.

Claims are reimbursed on a quarterly basis for current-year expenditures. Summer school claims are reimbursed in December of the same calendar year. Reimbursable costs for this program are determined by the actual cost of maintaining classes with certain limitations on administrative, supervisory and facility use costs, as prescribed by statute and regulation.
SPECIAL EDUCATION - PERSONNEL REIMBURSEMENT
$283,498,600
Special Education – Personnel Reimbursement is authorized by Section 14-13.01 of the School Code. This initiative is intended to provide additional funding for school districts employing the necessary staff to serve children and youth with disabilities ages 3 - 21 years old. Staff that are employed for these specialized purposes include, for example, teachers, school social workers, school nurses, school psychologists, school counselors, physical and occupational therapists, individual or classroom aides, readers for the blind, and administrators.

The state pays local school districts $8,000 per professional worker and $2,800 per non-certified employee for the school year when employed on a full-time basis for special education purposes. Districts are reimbursed for prior-year expenditures on the basis of the number of approved special education personnel providing services to children and youth with disabilities who are served by the district or cooperative.

SPECIAL EDUCATION - PHILIP J. ROCK CENTER AND SCHOOL
$2,760,000
Special Education – The Philip J. Rock Center and School is authorized by Section 14-11.02 of the School Code. The initiative provides for a statewide center and a school for individuals who are both deaf and blind. These individuals are few in number in Illinois but have intense service needs. Full residential/educational services are being provided to 20 persons at the Philip J. Rock Center and School. Statewide, about 460 persons are eligible for support services through the service center. Payments are made to the Philip J. Rock Center according to contracts developed by the Illinois State Board of Education.

State funding enables the Philip J. Rock Center to continue community-based, as well as center-based, classroom programs. The funds support salaries and benefits for 55 full-time and 30 part-time employees, transportation, food and lodging associated with residential placement, building rent, and educational services for students.

SPECIAL EDUCATION - PRIVATE TUITION
$49,235,600
Special Education – Private Tuition is authorized by Section 14-7.02 of the School Code. This initiative reimburses local school districts for the approved tuition costs for children with disabilities placed in approved private schools in order to receive a free, appropriate public education. School districts may place such students into approved schools that meet the requirements of the State Board of Education pursuant to rules under Part 401 of 23 Illinois Administrative Code. The approved tuition costs for the students are set by the Illinois Purchased Care Review Board.

Reimbursement is provided for prior-year services. The state will provide reimbursement for the difference between the actual cost of educating the student with a disability and the district’s per capita tuition charge if the cost is under $4,500 per regular school year. Over $4,500, the district is reimbursed the difference between $4,500 and their per capita tuition charge and the costs in excess of $4,500 plus a second per capita tuition charge.
**SPECIAL EDUCATION - SUMMER SCHOOL**

**$5,600,000**

Special Education – Summer School is authorized by Section 18-4.3 of the School Code. This initiative provides reimbursement for local school districts that provide an extended school year for eligible students with disabilities as delineated in an Individual Educational Plan (IEP).

The basic requirements for eligibility are as follows: (1) the pupil must be enrolled in one or more courses offered for at least 60 clock hours in the summer session; and (2) the pupil must be eligible pursuant to Section 14-7.02 (Private Tuition) or 14-7.02a (Extraordinary) during the regular term. Claims are reimbursed in December of the same calendar year.

**STANDARDS, ASSESSMENT, & ACCOUNTABILITY - COMPREHENSIVE ARTS**

**$499,700**

The Comprehensive Arts Program authorized by Section 2-3.65 of the School Code. This grant is designed to improve teaching and learning in the fundamental learning area of Fine Arts (music, drama, dance and visual arts) and improve student achievement of the Illinois Learning Standards. The funds can be used for professional development, curriculum materials, arts consultants, and other expenses related to developing a comprehensive arts education program within a school. The grants enable local personnel to demonstrate leadership in organizing, planning, and implementing model programs. This information can then be used to assist other schools. With these grants, teachers can become partners with the arts consultants in building new curriculum, teaching strategies, and delivery systems for arts education, including approaches that integrate the arts into existing curriculum frameworks. Parents and other community members often become involved in this process through outreach activities.

All unit and elementary districts are eligible to participate. In FY98, 27 planning projects were funded; in FY99, 23 planning projects were funded; and in FY00, 22 planning projects were funded. Funds are awarded on a competitive basis through a request for proposal process.

**STANDARDS, ASSESSMENT, & ACCOUNTABILITY - LEARNING IMPROVEMENT & QUALITY ASSURANCE**

**$9,026,500**

The Learning Standards initiative is authorized by Sections 2-3.25 and 2-3.64 of the School Code. These funds support: an expanded impact on school improvement and student achievement in an increased number of Illinois schools each year; a partnership with ROE/ISC offices to produce increased accountability and improved technical assistance to schools regarding the Quality Assurance process internal review; a follow-up system that ensures that schools respond to the Quality Assurance visit final report and integrate this response into their ongoing school improvement planning; communication of clear and meaningful expectations to schools concerning requirements for school improvement; external review and internal review; school improvement planning at the district levels; and the implementation of responses to Quality Assurance reports at the school levels.

In FY00, ISBE provided Learning Improvement and Change Grants to 250 schools which were involved with the Quality Assurance Process and to the
200 schools that were involved in the process during FY99. These grants help schools prepare for their upcoming External Review and activities that are directly related to the school improvement planning process. In FY00, 35 training sessions served 2,500 educators, business and community partners in understanding and preparing for the Quality Assurance External and Internal Review processes. Funds are distributed to visited districts via implementation grants based on their enrollment.

**STANDARDS, ASSESSMENT, & ACCOUNTABILITY - LEARNING STANDARDS**

$1,286,500

The Learning Standards initiative is authorized by Section 2-3.64 of the School Code. The goal of this initiative is to increase the percentage of schools that have progressed beyond the early stages of implementing the Illinois Learning Standards (ILS) from 15% to 75%. The centerpiece of the initiative is to develop performance-based classroom resources in print and on the internet that answer these questions related to the Standards: “How good is good enough?” and “How can we make good performance better?” These resources will include performance standards, classroom teaching materials and student work samples. In addition, the State Board conducts professional development through ROEs to help administrators convert schools to a standards-led system and to help teachers align performance-based curriculum, instruction and teacher-initiated assessments to the Learning Standards. The State Board also garners support from business, education, parent, and community organizations; analyzes existing policies and legislation to determine their support for standards-led reforms; and put in place a schedule and process for refining the Illinois Learning Standards in 2002.

The 2,000,000 students in the 896 public school districts and 4,251 public schools, and the 138,227 teachers and school administrators who serve those students receive funding for this program. Contracts for professional services, printing, distribution, instruction, classroom materials, K-12 teacher and administrator training, and agency administrative costs are covered using these funds.

All activities and products described above are intended to help schools become predominantly standards-led educational systems. A five-year external evaluation is underway to determine the percentage of Illinois schools that are: 1 - indifferent to an ILS-led system; 2 - becoming aware of an ILS-led system; 3 - transitioning to an ILS-led system; 4 - emerging toward an ILS-led system; and 5 – predominantly an ILS-led system. The first evaluation report for the 1998-99 school year (baseline data) showed that 10% of the schools were at level 1; 75% at level 2; 15% at level 3; and no schools at levels 4 and 5. An annual evaluation report is published two months after each school year.

**STANDARDS, ASSESSMENT, & ACCOUNTABILITY - STUDENT AND TEACHER ASSESSMENT PROGRAMS**

$19,097,000

Student and Teacher Assessment Programs are authorized by Sections 2-3.63 & 77-1 of the School Code, as amended by PA 90-566.

The State Board has developed the Illinois Standards Achievement Test (ISAT), the Prairie State Achievement
Examination (PSAE), the Illinois Measure of Annual Growth in English (IMAGE), and the Illinois Consumer Education Proficiency Test (ICEPT), to measure student academic proficiency annually and hold students and schools accountable for achieving high academic standards. The ISAT tests all eligible public school students in grades 3, 5, and 8 in reading, mathematics and writing, and students in grades 4 and 7 in science and social science (with samples of students being tested in fine arts and physical development/health). The PSAE will test all eligible students in reading, mathematics, writing, science and social science at grade 11. The IMAGE tests the reading and writing English-language proficiency of all eligible Limited English Proficient (LEP) students in grades 3 – 11. The ICEPT tests the consumer proficiency of high school students who choose to take it.

The State Board is required to develop a new teacher certification testing system aligned with recently developed content standards. Teaching certificate applicants must successfully complete a test of basic skills and one of a series of content tests appropriate to the certificate type. Teacher candidates, in addition to passing these tests, will be required to pass a test of pedagogy for the 4-year, non-renewable, Initial Certificate. After 4 years of teaching on an Initial Certificate, a teacher must pass a performance test to obtain the 5-year, renewable, Standard Certificate. The pedagogy and performance tests are scheduled for implementation in 2003.

A new series of language proficiency tests will be developed for use in 2001. Applicants for bilingual certification will be required to pass the language test appropriate to their teaching assignment. The population to be served by the four state testing programs includes all students in grades 3, 4, 5, 7, and 8 tested by ISAT; all students in grade 11 tested by PSAE; all eligible LEP students in grades 3 – 11 tested by IMAGE; and all high school students applying to take ICEPT. The total is approximately one million students annually.

Approximately 28,000 candidates for Illinois teaching, school service personnel and administrative certificates take more than 35,000 basic skills and subject matter tests annually. Prior to FY00, the Student & Teacher Assessment consisted of the Illinois Standards Achievement Test, the Prairie State Achievement Examination, Bilingual Assessment, Illinois Consumer Education Proficiency Test and Illinois Certification Testing System appropriations. Funds are used to cover agency administration costs -- including a variety of competitive contracts for developing test items, printing, distribution, scoring and score reporting -- and for technology enhancements for certification testing.

Student scores and performance levels will be returned to schools, students, and parents. School, district, and state results will be returned to schools and districts. They will also be published in the School Report Card. Activities include: developing new tests aligned with the Illinois Learning Standards; printing, distribution, administration, retrieval, and scanning of tests and test data; scoring of multiple choice and open-ended responses; statistical analysis of the data; and technical assistance to districts and schools in the effective use of test results. Content standards have been developed for the certification tests, which align with Learning Standards. Development of new tests for implementation in 2001 and 2003 will begin in the current year. Funds support test development and
test review by appropriate constituent groups.

**SUBSTANCE ABUSE AND VIOLENCE PREVENTION PROGRAMS**

**$2,750,000**

The Substance Abuse and Violence Prevention grant provides support to school and community personnel in planning activities, capacity building and training in drug and violence prevention programs. The funds are also used to build capacity in school districts to meet the goal of a safe and drug-free learning environment for all students.

Funds are awarded on a letter of intent to participate. Funding provides training for approximately 11,500 teachers in working with students who are experiencing problems with academics, attendance, and grades.

**TAX EQUIVALENT GRANTS**

**$185,800**

Tax Equivalent Grants are authorized by Section 18-4.4 of the School Code. This program allows school districts to receive a grant equivalent to tax revenues lost when any state institution is located in a school district in which the state owns 45% or more of the total land area of the district. For example, the Illinois State Penitentiary, which is not taxable, covers 1,557 acres of the 3,283 total acres of Chaney-Monge District #88. Therefore, this grant helps to alleviate the loss of local revenues for the school district. Chaney-Monge School District in Will County is the only district affected.

**TEACHER FRAMEWORK IMPLEMENTATION**

**$400,000**

The Teacher Framework Implementation is authorized by P.A. 90-548 (ILCS 5/21-0.01 et. al.). The purpose of the Teacher Framework Implementation is to restructure the preparation, induction, certification, and continuing professional development of teachers. This purpose is predicated upon research that indicates the quality and competency of the professional educator is the single greatest determinant in student achievement.

The Illinois Framework for Restructuring the Recruitment, Preparation, Licensure, and Continuing Professional Development of Teachers was published by the State Board of Education in November 1996 and identified eight policy initiatives. These policies promoted reforms in recruitment to the profession, professional standards, state licensure and certification, school cultures, teacher and administrator preparation, assessment, continuing professional development, and new teacher induction. The reform initiatives detailed by the Board were the product of a State Board Strategic Agenda Team, a joint task force of the University of Illinois at Chicago and the State Board, a professional development team appointed by the Board, and the report of the National Commission on Teaching and America’s Future.

The program also supports the implementation of components of P.A. 90-548, particularly in the identification of teaching and administrator standards, continuing professional development activities, procedures, infrastructure, and revised assessments of teacher performance and knowledge.
All teachers, prospective teachers, and school administrators in Illinois will ultimately receive certificates under the guidelines of this program and the legal requirements mandated by the statute. State funding supports the development and implementation of standards for teachers, administrators, and school service personnel; the redesign of initial teacher and administrator preparation programs; the criteria for induction programs for novice teachers; and continuing professional development opportunities for certificate renewal.

TEACHER CERTIFICATION FEE REVOLVING FUND

$1,200,000
The Teacher Certification Fee Revolving Fund is authorized by Section 21-12 of the School Code. This fund was created to receive a portion of the fees charged for the application of each certificate or evaluation of credentials. The funds received shall be used to provide the technology and other resources necessary for the timely and efficient processing of certification requests. Approximately 28,000 candidates for Illinois teaching, school service personnel and administrative certificates take more than 35,000 tests annually.

TEACHER OF THE YEAR AWARD

$150,000
The Teacher of the Year Award program identifies an Illinois Teacher of the Year to serve as an “Ambassador” for the teaching profession. This individual is selected through the Those Who Excel program from a group of finalists statewide. The selected teacher acts as “Ambassador” during the second semester and is also provided with the opportunity to spend the following year in advanced studies. As an “Ambassador,” the teacher travels around the state speaking to civic groups, parent groups, in-service workshops, college classes, career nights, the news media and other forums. Finalists are often asked to represent the Teacher of the Year at events he or she cannot attend.

The Those Who Excel program is available to all public and nonpublic schools in Illinois. Candidates from seven categories are nominated and selected, ranging from noncertificated staff through administrators.

Two local districts receive the grant funds during any given fiscal year. The grants are based on the Teacher of the Year’s salary and benefits, substitute costs, travel and related expenses. In FY00, the Teacher of the Year made presentations to over 100 groups throughout the state, giving these audiences first-hand knowledge of today’s education system.

TEACHERS’ ACADEMY FOR MATH AND SCIENCE

$5,500,000
The Teachers’ Academy for Mathematics and Science, established in Chicago with funding from the U.S. Department of Energy, the National Science Foundation, and the State Board of Education, fosters systemic improvement in selected schools within the district for the reform of mathematics and science education. Emphasis is on professional development and peer support.

The Teachers’ Academy is providing on-site school improvement assistance to schools in Chicago District #299, especially low-performing schools. Funds are distributed based on a grant to the Teachers’ Academy for Mathematics and Science.
Technology for Success is authorized by P.A. 89-21. This initiative encompasses many aspects of deploying a technology infrastructure and assuring that this investment benefits all Illinois learners. This comprehensive approach is to sustain infrastructure growth and increase the traffic on the network; develop prototypes of new designs for teaching and learning now possible through technology; build the capacity of all Illinois schools to integrate technology in learning; leverage state expenditures for learning technologies with not-for-profit and for-profit organizations to promote sustainable systemic change toward achieving ISBE initiatives; increase public awareness of the need for technology; enhance the ability of the Illinois citizens to support local use of technology and access; expand and enhance the learning models established in FY97; support school improvement through technology and telecommunications; and continue the requisite strategic planning in the field of technology.

In FY00, all school districts, Regional Offices of Education, Intermediate Service Centers, and nonpublic schools to the extent permitted by law received financial support or services to enhance Learning Technologies. Funds are awarded based on contracts and grants to school districts and regional educational agencies.

State funding supports the following:

- Promote the infusion of research-proven learning technologies, standards-led approaches to instruction, and engaged learning models into all of the agency’s teaching and learning initiatives.
- Leverage the expenditure of the Learning Technologies Center with Federal monies, not-for-profit and profit organizations to promote sustainable systemic change to help ISBE achieve its strategic initiatives for all school districts statewide.
- Establish networks and infrastructure for K-12 education to provide a communication link to district facilities. This will make districtwide communications possible and provide access to all the resources available on the Internet, including staff development on Internet use. In addition, this will build on the communication backbone started in FY96.
- Promote the use of research-proven learning technologies and standards-led approaches to instruction in the classroom. As research-proven learning technologies becomes more readily available, it will be very important to have in place progressive programs relating to enhanced school improvement and increased student achievement that can be shared with all schools throughout Illinois. A dissemination network will be expanded so that information and staff development on the use of technology in the classroom are accessible to all public school district personnel.
- Initiate and sustain technology leadership and capacity-building activities to provide ongoing statewide assessment of technology capacity, revision and dissemination of a statewide technology plan; development of evaluation and Illinois Learning Standards-based assessment systems; develop regionalized technical assistance to schools, increase pre-service and in-service teacher education and library/media resource capacity, support technology planning, provide local school districts technology
funds through a statewide allocation process and the integration of technology into a standards-led system, and leverage resources through partnerships and grants for networking among Illinois State Board of Education program participants.

- Promote the development, integration, and dissemination of technology into the Teaching Standards, Student Content Standards, and the Performance Standards.

TEXTBOOK LOAN PROGRAM

$48,384,200

The Textbook Loan Program is authorized by Section 18-17 of the School Code. This initiative provides the opportunity for all public and nonpublic students enrolled in grades K-12 to use textbooks at no cost to parents or schools. Funds allow only a few grades at a time to be eligible for this loan program. The program was recently expanded to include instructional computer software.

The Illinois Textbook Program is not a reimbursement program. Parents and/or students request to participate in the program. Title selections are made available to local schools, public and nonpublic, from the list of publishing companies bonded with the State of Illinois. The requests are forwarded to the regional superintendents, who review the forms and send them to the Illinois State Board of Education. The agency then orders the titles for direct shipment to the schools and reimburses the publishing companies upon notification of receipt by the schools.

TRANSPORTATION - REGULAR AND VOCATIONAL

$195,716,300

Transportation–Regular and Vocational is authorized by Section 29-5 of the School Code. This initiative represents two of the four transportation funding programs of the State Board. The State provides reimbursement to school districts for certain pupil transportation costs.

- Pupils generally eligible for this funding are those residing 1 1/2 miles or more from their attendance center and those who would have to walk to school through a safety hazard area.
- Pupils who attend an approved vocational program and are transported by their resident district during the school day are also eligible.

The regular pupil transportation reimbursement formula provides reimbursement, on a prior-year basis, of the difference between a district's allowable costs and the computed minimum local taxes, which is determined by a district's General State Aid assessed valuation and the qualifier assigned to each district type. Vocational transportation is paid at 80% of cost with no local revenue offsets. State reimbursement is made on a quarterly basis for claims filed by districts for the costs in the prior fiscal year.

TRANSPORTATION - REIMBURSEMENT TO PARENTS

$10,120,000

Transportation–Reimbursement to Parents is authorized by Section 29-5.2 of the School Code. The State provides reimbursement to parents or guardians of eligible students for qualified
transportation expenses. Student eligibility criteria for this initiative include the following:

- The pupil must be under age 21 at the close of the school year,
- The pupil must be a full-time student in grades K-12,
- The pupil must live either: 1) 1 1/2 miles or more from the school attended; or 2) within 1 1/2 miles of the school attended, where a verified safety hazard exists (similar to the safety hazard mechanism in regular/vocational transportation reimbursement), and
- The pupil did not have access to transportation to and from school provided entirely at public expense.

Additionally, the parent/guardian needs to reside in Illinois; the school must be in Illinois; and the parent/guardian has to incur expenses for transporting the pupil. The claim amount paid is limited to the appropriation level; thus, the amount per pupil is derived by dividing the appropriation level by all eligible pupils. By statute, claimants are supposed to receive the lesser of the actual cost of providing transportation versus the average regular pupil reimbursement paid to public schools (approximately $170).

TRANSPORTATION - SCHOOL BUS SAFETY CONTROL DEVICES

$800,000

Transportation-School Bus Safety Control Devices are authorized by Section 625 ILCS 5/12-807.2. The purpose of this program is the continued support of local districts to equip their school buses with school bus safety control devices required by law. Funds are provided on a first-come, first-served reimbursement basis. State funding helps districts continue equipping school buses to meet the December 31, 1999, compliance date.

TRANSPORTATION - SPECIAL EDUCATION

$181,492,100

Transportation – Special Education is authorized by Section 14-13.01(b) of the School Code. The program helps districts meet the costs incurred in transporting pupils with disabilities who have special transportation needs. The state reimburses school districts transporting students with disabilities if their Individual Education Plan (IEP) requires special transportation as a related service. The child may be placed, by the district, in either a public or approved private setting to receive the necessary special education and related services. These settings may be for day and/or residential services.

Slightly less than 25% of all identified pupils with disabilities require special transportation services to and from special education programs due to the program location and/or the students' disabilities. The state program pays a maximum of 4/5 of the district's allowable costs for transporting pupils with disabilities. Districts are reimbursed quarterly for their claims against prior-year expenses.

VOCATIONAL EDUCATION - ADULT EDUCATION PROGRAMS

$28,005,300

The Adult Education Programs are authorized by Section 10-22.20 of the School Code and provide funds to public schools, community colleges and community-based organizations to support programs that promote adult literacy. Raising the adult literacy rate makes parents and adult caregivers better able to help their children,
ensuring that every Illinois student reads with understanding and proficiency. The programs under the Adult Education title include:

- **Adult Education – State Program** serves adults over the age of 16 who lack basic skills in reading and computation and who are not enrolled in school. Funds may be used for GED preparation or to offer courses in basic education, secondary level vocational education, life-coping skills, and English as a second language. Funds are also provided for the coordination of workplace and family education programs, as well as volunteer literacy programming.

- **Adult Education – Public Assistance Support Program** serves individuals with low basic academic skills who receive public assistance. These funds encourage public schools and community college districts to initiate and/or maintain courses of study that enable public assistance recipients (adults and youth) whose schooling has been interrupted to obtain an elementary equivalency or a high school diploma or equivalency certificate. This program enables welfare recipients to learn English as a second language or obtain citizenship. Funds can also be used to provide family educational activities, vocational skills training and job skills programs to enable adults to become more employable as required by the welfare reform legislation.

- **Adult Education – State Performance Program** provides financial incentives and support to local adult education and literacy programs based on performance, specifically student-focused outcomes.

The Adult Education Programs are linked to other federal and State Adult Education appropriations to provide comprehensive services at the local level. The programs serve approximately 125,000 adults, who receive services from the combined federal and state adult education funds through 125 local programs provided by local education agencies, community colleges and community-based organizations.

**VOCATIONAL EDUCATION - STAFF DEVELOPMENT**

$1,299,800

Vocational Education - Staff Development is authorized by Section 2-3.68 of the School Code. The goal of this program is to support teacher, counselor and administrator staff development through internships with business and industry that will assist them in revising curriculum, using technology and community resources, integrating academic, career, and technical instruction and incorporating career information into the classroom. An estimated 1,200 vocational education teachers, counselors and administrators participated during FY99. Competitive grants up to a maximum of $2,000 are awarded to individual teachers, counselors and administrators for the purpose of working in the private/public sectors, primarily during the summer months.

**VOCATIONAL EDUCATION - STATE PROGRAMS AND SERVICES**

$46,874,500

Vocational Education – State Programs and Services is authorized by Paragraph 697 of the School Code. The career and technical education delivery system, which assists in implementing Illinois’ Education–to-Careers System,
provides educational program opportunities in occupational information, specific job training and occupational retraining. This system assists in maintaining and expanding the skills of the state’s labor force and promotes economic growth and development.

All of the state’s elementary, secondary, postsecondary and adult populations may participate in and be served through regular or special vocational-technical education programs. Regional delivery systems and community colleges coordinate the delivery of employment preparation programs for youth and adults. Formula reimbursement, competitive requests for proposals and formula-driven grants are used to distribute various portions of these funds. Formula distributions are driven by career and technical education credits generated by students in approved programs. The credits are weighted by local tax basis and program efficiency factors.

**VOCATIONAL EDUCATION - TECHNICAL PREPARATION**

$5,000,000

Technical Preparation provides linkages to postsecondary education, ensuring that students enrolled in Tech Prep programs have opportunities to pursue two-year postsecondary or baccalaureate degrees. Tech Prep also contains all other elements fundamental to effective Education-to-Careers programming. These include integrating academic and vocational education and expanding and strengthening partnerships with business and industry.

The objective of Technical Preparation is to prepare qualified students to meet the increasingly demanding requirements of the high-skill job market. Programs are developed at the secondary school and community college level. A portion of these funds will be used for coordination, teacher in-service, curriculum development, program improvement, development of work-based learning opportunities, and career-planning activities to support the Tech Prep initiative.

All 39 community college districts and 59 secondary regional vocational systems are involved in planning and implementing Tech Prep throughout their geographic service areas. Funds are awarded to community colleges, secondary vocational regional systems, universities and private sector partners via allocation grants and/or competitive grants based on program quality indicators.

State Funding is used to support continued development of Tech Prep programs at the state and local levels. Primary emphasis focuses on linking Tech Prep to Education-to-Careers, providing career guidance and development related to career majors, strengthening articulation and transfer of credits from secondary to post-secondary education, and providing technical assistance and in-service to local sites.

**VOCATIONAL EDUCATION - WORK-BASED LEARNING**

$1,000,000

Vocational Education - Work-Based Learning provides funds to help initiate new work-based learning programs within the Education-to-Careers system and to help make Education-to-Careers an integral part of school improvement. It provides high school students with worksite learning experiences that prepare them with the necessary skills and competencies to enter high-skilled, high-wage careers. The system includes comprehensive work-based
learning geared to the needs of specific industries and occupations. Students reinforce classroom instruction by spending a portion of their instructional time at the workplace in work-based learning activities.

The primary focus of this grant is at the secondary level to reinforce and relate learning standards, occupational skills, and employability skills taught in the classroom to careers in Illinois. Education for Employment (EFE) Regional Systems and business-industry as consortia are eligible to participate. During FY99, approximately 19 sites were funded for a second year to serve students in a variety of occupational disciplines. Beginning in FY99, 15 additional sites were funded to assist high schools in developing non-traditional work-based learning experiences, including engaging small business in providing work-based learning, developing school-based enterprises, and helping students gain entrepreneurship skills. Funds are awarded through competitive or continuation grants to eligible recipients willing to develop work-based learning in various occupational areas.
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**TOTAL** **1,133,130.9**
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<td>Early Childhood</td>
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### Table 10

State and Federal Appropriations For Fiscal Year 2000  
Public Act 91-0008, Article 14, as amended  
(Dollars in 000’s)

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<thead>
<tr>
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<td>Recording for the Blind and Dyslexic</td>
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<td>- 175.0</td>
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* Federal Impact Aid flows directly to school districts from the federal government.

The amount shown for Federal Impact Aid is estimated for FY2000.
Table 10

State and Federal Appropriations For Fiscal Year 2000
Public Act 91-0008, Article 14, as amended
(Dollars in 000’s)

<table>
<thead>
<tr>
<th>Program</th>
<th>Section</th>
<th>State</th>
<th>Federal</th>
<th>Total</th>
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Table 10

State and Federal Appropriations For Fiscal Year 2000
Public Act 91-0008, Article 14, as amended
(Dollars in 000’s)

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<th>Program</th>
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<td>Court of Claims</td>
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</tbody>
</table>

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This part provides a brief overview of the educational programs in Illinois supported by federal funding. The following sections reflect the Fiscal Year 2000 appropriations from federal education funds to the State of Illinois. A financial summary detailing amounts available for Illinois schools and for state administration of programs during Fiscal Year 2000 is provided at the end of this chapter.

Federal grant appropriations are estimated based on the anticipated federal grant award and the amount of carryover funds from the prior fiscal year. Federal funds that are not expended in the current state fiscal year are carryover funds for use in the next state fiscal year. Federal funds are based on the federal fiscal year starting in October through September of the following year and usually have to be expended within 27 months from the beginning of the awarded fiscal year. The majority of federal grant programs administered by the Illinois State Board of Education are described in the following narratives.

**CARNegie FOUNDATION**

**$50,000**

The Carnegie Foundation helps schools serving grades 5-8 to implement the recommendations of *Turning Points: Preparing American Youth for the 21st Century*. This report outlines the curriculum, instructional and organizational changes needed in schools to ensure that they are meeting the unique developmental needs of early adolescents. Schools serve as systemic change models and are part of a national network of schools engaged in systemic reform: the Carnegie-funded Middle Grade School State Policy Initiative.

Currently there are approximately 1,250 schools in Illinois serving grades 5-8. Ten of these middle grade schools participate in this program. A large part of the grant provides support to these schools. Funds are available to each of the systemic-change schools to implement effective middle-grades practices and engage in systemic-school reform. Additional services are provided to the systemic-change schools through the agreement with the Association of Middle-Level Schools (AIMS).

**CHARTER SCHOOLS**

**$2,500,000**

Charter Schools are authorized by 20 USC 8061-8067. The goal of charter schools is to encourage educational excellence and improve student learning relative to the Illinois Learning Standards, both in new schools and within the existing public schools. Charter schools offer parents, teachers and other responsible parties the opportunity to form innovative public schools that will be exempt from all but the most essential state laws and rules. Accountability for “inputs” is exchanged for accountability for “results.”
A charter school applicant must describe its educational programs in detail and make a commitment to particular measures of success for its students. All students must take the state assessments in the applicable grades. Only families to whom a particular program appeals will decide to enroll their children, and only if the promised level of success is achieved will they continue to enroll them. Since public funding follows each child entering a charter school, family choices carry direct financial implications for the charter school. Further, the charter school is accountable to a public entity for keeping the commitments it has made in terms of academic achievement and school operation. If the school fails to educate students in keeping with these commitments, or if it violates any of the terms of its charter or the laws that do apply to it, the chartering entity may revoke the charter and the school will close.

In 1996-97, there was one charter school in Illinois and approximately 50 students served. In 1997-98, there were eight charter schools with about 3,400 students served. In 1998-99, there were 13 charter schools in operation, with about 4,800 students projected to be served. In 1999-00, there were 17 charter schools in operation, with about 5,600 students served. Grants are awarded on a competitive basis through a request for proposal process. The appropriation of federal funds is used to provide planning and implementation grants to eligible applicants as well as for information and leadership efforts in regard to charter schools.

**CHILD NUTRITION PROGRAMS**

**$385,000,000**

The Child Nutrition Programs are authorized by the National School Lunch Act of 1946 and the Child Nutrition Act of 1966 as amended. The purpose of these programs is to reimburse sponsors for a portion of the cost of providing nutritious meals to eligible children.

**National School Lunch Program.** This voluntary program is open to all public schools, private nonprofit schools and residential child-care institutions which agree to operate a nonprofit lunch program, offer meals to all child in attendance, and protect the anonymity of students eligible for free or reduced-price meals. Lunches offered must meet the Dietary Guidelines for Americans, one-third of the Recommended Daily Allowances for nutrients and specific level of calories. To enable schools to provide low-cost nutritious lunches to students, a flat rate of reimbursement is paid on all lunches meeting these requirements, with additional reimbursement paid for lunches served to students eligible for free or reduced-price meals. Reimbursement rates are increased by two cents for all sponsors having 60% or more free and reduced-price lunches in the second preceding school year. The rates of reimbursement are determined at the federal level through the United States Department of Agriculture and are effective July 1 of any year until June 30 the following year. Federal guidelines provide that the maximum charge to the child for a reduced-price lunch is 40 cents.

**School Breakfast Program.** This voluntary program is open to all public schools, private nonprofit schools, and residential child-care institutions that agree to operate a nonprofit breakfast program, offer meals to all children in
attendance and agree to protect the anonymity of students eligible for free or reduced-price meals. Breakfasts offered must meet the Dietary Guidelines for Americans, one-fourth of the Recommended Daily Allowances for nutrients and specific level of calories. To enable schools to provide low-cost nutritious breakfasts a flat rate of reimbursement is paid on all breakfasts meeting these requirements, with additional reimbursement paid for breakfasts served to students eligible for free or reduced-price meals. The rates of reimbursement are determined at the federal level through the United States Department of Agriculture and are effective July 1 of any year until June 30 the following year. Students qualifying for free or reduced-price lunches also qualify for free or reduced-price breakfasts. Reimbursement rates are increased by 20 cents for schools approved as eligible for School Breakfast Program severe need reimbursement. The maximum charge to a child for a reduced-price breakfast is 30 cents.

**Special Milk Program.** This voluntary program is open to all public schools and private nonprofit schools, residential child-care institutions, day-care centers, homeless shelters and camps that agree to operate a nonprofit milk program. The purpose of the program is to encourage the consumption of milk by children. Participation in this program is limited to organizations which do not operate a federally funded Child Nutrition Program meal service. Kindergarten students attending half-day sessions when lunch is not available may receive benefits. Federal reimbursement is available for all or a portion of the cost of providing milk to children through two different options. In the paid milk option all children are charged for the cost of providing milk minus the federal reimbursement. The free milk option provides milk free of charge to children who are determined eligible, based on the household income guidelines. Program participants determine eligibility for free milk utilizing the federal income guidelines published annually by the United States Department of Agriculture and are effective each July 1 of any year until June 30 the following year.

**Summer Food Service Program.** This is a voluntary program available to public schools; private, nonprofit schools; residential camps; state, local, municipal and county government entities; and private not-for-profit organizations not participating in other child nutrition programs during the summer months. The intent of the program is to serve nutritious meals during the summer months to children who during the school year receive free or reduced-price meals through the National School Lunch and Breakfast Programs. If it can be documented that one-half of the pupils in the area served by the sponsor are eligible for free or reduced-price meals during the regular school year, then all children in the area may receive free meals. Reimbursement is available based on the number of meals served to eligible participants. Additional reimbursement is available to assist sponsors in covering administrative costs incurred in operating a summer feeding program.

**Child and Adult Care Food Program.** This is a voluntary program open to nonresidential child-care centers, Head Start centers, outside-school-hour centers and day-care homes which are licensed by the Department of Children and Family Services (DCFS). All sponsors must be either federally tax-exempt or for profit and have a minimum of 25% of their enrolled children funded by DCFS. The program is designed to encourage the serving of nutritious meals (breakfast, lunch, snack or supper) to enrolled children. Meals must
meet federal meal pattern requirements. The adult care portion of the program is administered by the Department on Aging.

Center reimbursement is based on the number of meals/snacks served to enrolled children based on the household income category of the children: free, reduced-price and paid.

Day Care Home reimbursement is divided into two types of payments: administrative and meal. The administrative rate is given to sponsoring organizations, whose payment is based on the number of day care home providers for meals served to children based on their location (percent low income), the provider's household income, or the household income of the parents of the children enrolled in the day care home.

The rates of reimbursement are determined at the federal level through the United States Department of Agriculture and are effective July 1 of any year until June 30 the following year. Sponsors determine the eligibility of children for free or reduced-price meals utilizing the federal income guidelines published annually by the United States Department of Agriculture and are effective each July 1 of any year until June 30 the following year.

In each of these Child Nutrition Programs, sponsors are reimbursed monthly on the basis of claims submitted.

Food Distribution Program. The Food Distribution Program is designed to help program sponsors reduce the cost of providing meals and to help achieve maximum utilization of agricultural surplus. This voluntary program is open to all public and nonprofit private participating in the National School Lunch Program, nonprofit charitable institutions, summer camps for children, and summer food service programs participating through the USDA Summer Food Service Program. The United States government-donated commodities are made available to participating sponsors based upon the average number of meals served daily to eligible participants. Types and quantities of food vary depending on program type.

CHRISTA MCAULIFFE FELLOWSHIP
$75,000

Christa McAuliffe Fellowship is authorized by the Elementary and Secondary Education Act of 1995, as amended by the Improving America's Schools Act of 1994. The McAuliffe Fellowship is a unique annual state-based program to fund the development of products/programs helping improve teaching and learning that supports the Illinois Learning Standards. The fellowship is awarded on a competitive basis through a request for proposal process.

The funds may be used for one-year sabbaticals of study; research or academic improvement; consultation with or assistance to other school districts or private school systems; development of innovative programs, projects or partnerships that involve the business community and the schools; programs that incorporate the use and the sharing of technologies to help students learn; and expanding or replacing model programs of staff development.

CLASS SIZE REDUCTION
$51,000,000

Class Size Reduction is authorized by Public Law 106-13. The goal of this program is to help school districts
reduce class size to a national average of 18 students in grades K-3. Funds are provided for teacher recruitment, hiring and training; for new teachers to take state competency tests; and for professional development. In FY00, 843 districts received funding to support salaries of new teachers to reduce class size. Class Size Reduction grant awards are entitlements allocated to districts using a formula that bases 80% of the allocation on low-income census and 20% on public and nonpublic enrollment.

EDUCATION FOR HOMELESS CHILDREN - MCKINNEY HOMELESS ASSISTANCE

$1,600,000

Education for Homeless Children is authorized by the Stewart B. McKinney Homeless Assistance Act - Title VII-B (84.196A). This program assures that homeless children and youth have access to schools and all instructional and support services within schools that are offered to non-homeless students. Approximately 25,000 individuals are homeless youth and children on any given day in Illinois. Seventeen (17) programs funded by McKinney funds are operating in Illinois along with one statewide technical assistance project. Nearly half of these homeless children are served by the 17 programs, and many of the others receive services as a result of the statewide technical assistance project.

Grants are awarded through a competitive process to local education agencies that can sub-grant special services from private nonprofit agencies. Funded projects implement professional development activities for regional superintendents, superintendents, principals, teachers, and support personnel; provide education and training for parents of homeless children about the rights and resources available to children; and establish coordination among schools, pre-schools, and agencies providing services to homeless youth.

EMERGENCY IMMIGRANT EDUCATION

$12,000,000

Emergency Immigrant Education is authorized by the Improving America’s Schools Act of 1994 - Title VII, Part C: Emergency Immigrant Education. This program provides funds for educational services for immigrant children enrolled in elementary and secondary public and nonpublic schools. Funds are used by local school districts to support teacher salaries, purchase materials and otherwise support activities related to educating their immigrant students. The program serves children who were not born in any of the 50 states, e.g., the District of Columbia, Guam, American Samoa, the Virgin Islands, and who have been attending schools in any one or more states for less than three complete academic years.

Eligible immigrant children include only the children of lawful, permanent resident aliens; refugees; parolees; persons of other immigrant status; and immigrant residents in the United States without proper documentation. The term excludes children of foreign diplomats, United States citizens' children who were born abroad, and children of foreign residents temporarily in the United States for business or pleasure. Eligible school districts mean districts in which the number of immigrant children who are enrolled, inclusive of nonpublic schools, is at least 500, or is equal to at least 3% of the total number of students enrolled, whichever is less. There were about 57,194 eligible children reported in
Illinois school districts during the 1998/1999 school year.

This is a formula grant program. The grant funds are initially generated by the immigrant student count reported by LEAs in the spring. In the fall, per-student allocations are determined by dividing the funds available to districts by the total immigrant student count. The district’s grant amount is arrived at when the per-student allocation is multiplied by the immigrant student numbers reported the previous spring.

**GEAR-UP**

$3,500,000

The goal of this program is to support high learning standards and to ensure that low-income and minority students are academically and financially prepared for college. This program targets middle schools to increase the number of college-bound students among low-income, first-generation students. The funds cover administrative costs and grants to support the above activities.

**GOALS 2000**

$23,000,000

Goals 2000 is authorized by the Goals 2000 Education Act of 1994 (20 USC 5889). The purpose of this Act is to provide

- Planning or Implementation Grants for school districts seeking funding to plan or implement initiatives which address districtwide educational improvements.
- Preservice Teacher Education Grants for school districts seeking funding to improve preservice educational programs in partnership with Illinois College and university educators.
- Professional Development Grants for school districts seeking funding for professional development to support innovative programs that focus on increasing educators’ knowledge and skills as well as student achievement relative to the State Goals for Learning and the Illinois Learning Standards.

This program allows states to support model programs through a competitive grant process administered by the State Board of Education. The population to be served includes students, educators, and administrators, related services personnel working with educators, preservice educators and students preparing to be educators. Approximately 110 projects were funded in 1999.

Grants are awarded on a competitive basis through a request for proposal process. Funds are used for consultant fees, equipment, supplies and materials, salaries in support of planning, school reform, professional development and preservice teacher education programs.

**LEARN AND SERVE AMERICA**

$2,000,000

Learn and Serve America is authorized by the The National and Community Service Act of 1990, as amended (42 U.S.C. 12501 et seq.), Public Law 103-82 (94.004). The purpose of this program is to assist in developing high-quality service-learning programs in elementary and secondary schools involving a variety of stakeholders in the educational partnership. Service learning is an educational method that engages young people in service to their communities as a means of enriching their academic learning, promoting personal growth, and helping them to develop the skills needed for productive citizenship. The goals of these grants are to fund programs that (1) encourage elementary and secondary school teachers to create, develop and offer
service-learning opportunities for all school-age youth; (2) educate teachers about service learning and incorporate service learning opportunities into classrooms to enhance academic learning; (3) introduce young people to a broad range of careers and expose them to further education and training; (4) provide technical assistance and information to facilitate the training of teachers who want to use service learning in their classrooms; and (5) work with local partnerships in the planning, development, and execution of service-learning projects. An estimated 27,000 students statewide in 96 local education agencies will be served. Funds are granted basis through a request for proposal process.

LINKING TECHNOLOGY -
$3,000,000

Linking Technology is authorized by the Education Technology Innovation Challenge Grant. This project provides an effort to increase learning opportunities through the integration of educational technology and school reform. This collaborative project involves Illinois, Arkansas, California, Pennsylvania and Washington. It will produce national demonstration models for local schools on how to use technology to improve student performance, classroom instruction, staff development, and school operations. Funds are awarded on a competitive basis through a request for proposal process.

READING & MATHEMATICS -
TITLE II/READING EXCELLENCE ACT PROGRAM
$30,000,000

The Reading Excellence Act Program is authorized by Public Law 105-277. The purpose of the Reading Excellence Act is to: 1) use research-based instructional methods to see that students, K – 3 in qualifying districts and schools learn to read well by grade 3; 2) see that teachers in qualifying districts and schools develop and use teaching strategies for the teaching of reading that have foundations in effective, relevant research; 3) expand family literacy programs; 4) provide early literacy intervention to children who are experiencing reading difficulties and reduce their referrals to special education; and 5) identify successful models of K – 3 instruction and intervention for replication and dissemination, statewide. This program funds districts and schools serving students up to grades 3 who are at greatest risk of academic failure. Grants are awarded to districts on a competitive basis through a request for proposal process.

SCHOOL-TO-WORK
$24,000,000

School-to-Work is authorized by the School-to-Work Opportunities Act of 1994. The purpose of this statewide interagency initiative is to implement a statewide system of Education-to-Careers (ETC) as an integral part of educational reform and school improvement. Education-to-Careers provides youth and adults with school-based services, work-based learning and appropriate connecting activities to enable them to transition smoothly from a school setting to the workplace and a quality career path.

This system primarily serves high school and community college students throughout the state. In addition, the Education-to-Careers initiative will have potential impact on every kindergarten through grade 16 student (and beyond) throughout the state.

Funds are dispersed to various state agencies, Illinois education agencies
and business/labor partners to support statewide initiatives and activities at the local level via allocation and/or competitive grants.

**SPECIAL EDUCATION - INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA)**

**$200,000,000**

Individuals with Disabilities Education (IDEA) - Basic (Part B) is authorized by the Individuals with Disabilities Education Act (IDEA), as amended by P.L. 101-476 (84.137A). The purpose of this program is to provide supplemental funds for special education and related services for all children with disabilities, ages 3 through 21. These grant funds combined with state and local funds provide all children with disabilities a free, appropriate public education. Over 85% of these funds go to school districts and Special Education Cooperatives. The program is current-funded and payments are distributed on a monthly basis. Funds are available to supplement any needed special education and related services, including teacher salaries, aides, related service personnel such as social workers, psychologists, and physical therapists. It also pays for inservice training, specialized consultants, instructional supplies, materials and equipment.

**SPECIAL EDUCATION - INDIVIDUALS WITH DISABILITIES EDUCATION (IDEA) – PRESCHOOL**

**$25,000,000**

IDEA – Preschool is authorized by the Individuals with Disabilities Education Act (IDEA), as amended by P.L. 101-476 (84.173A). The program provides supplemental funds for special education and related services for children with disabilities, ages three through five. The funds support the employment of teachers and aides and the purchase of material and supplies that assist local school districts provide more comprehensive programs for this early childhood population.

The most recent data indicates that LEAs and special education cooperatives served 27,684 preschoolers with disabilities in FY00.
Each LEA or special education cooperative serving eligible children applies for Preschool Grant funds.

The program is current-funded and payments are made monthly. 75% of the funds available are distributed to approximately 100 local education agencies and special education joint agreements. The allocation process distributes funds with a base amount determined by the December 1, 1996, child count and additional funds distributed 85% based on enrollment and 15% based on low income. The remaining 25% of the funds are used to provide statewide program development activities including a child-find media campaign, establishment of a regional technical assistance system, inservice training and other special projects, and to cover the administrative costs of the Illinois State Board of Education. The latter is limited to 5% of the allocation.

**SPECIAL EDUCATION - INDIVIDUALS WITH DISABILITIES EDUCATION (IDEA) - STATE IMPROVEMENT GRANTS**

$2,000,000

IDEA-State Improvement Grants (Part D) is authorized by the Individuals with Disabilities Education Act (IDEA), amended as of 1997, by Public Law 105-17, Part D, subpart 1-state improvement grants for children with disabilities. As a part of the comprehensive amendments to the federal legislation on educational services for children with disabilities, Congress has set aside funds to assist state educational agencies and all their partners involved in serving students with disabilities, including parents, in reforming and improving their systems for delivering services, especially the systems for professional development, technical assistance and dissemination of knowledge about best practices.

States are required to use at least 75% of the funds received for professional development of service providers and parents. Funds may be used for grants to local service providers, statewide training, development of interagency agreements, grants to universities and support of parent training. A small portion of the funds may be used to support administrative activities funded by the State Improvement Grant.

There are approximately 270,000 children with disabilities in Illinois served by approximately 53,000 special education personnel (professional and nonprofessional). Most of these children are also served to some degree by regular education personnel and by other state agency and community services personnel. All of these individuals and the parents of the children with disabilities are eligible to participate in the activities funded by the State Improvement Grant.

Funds may be distributed through grants or contracts under the request for proposal process. The intent of the funding is to help states improve results for children with disabilities.

**SPECIAL EDUCATION - INDIVIDUALS WITH DISABILITIES EDUCATION (IDEA) - TRANSITION FOR YOUTH WITH DISABILITIES**

$800,000

IDEA-Transition for Youth with Disabilities program provides federal assistance to youth with disabilities to aid in the transition from secondary school to post-secondary environments such as competitive or supported employment. The Illinois Interagency Coordinating Council (created by Public Act 86-1218, as amended by Public Act
87-909) forms the Illinois Transition Consortium using a statewide collaborative effort involving students, parents, adults with disabilities, private and public service providers, education and rehabilitation professionals, business and community leaders, child advocates, state leaders and representatives of higher education. The Consortium is a five-year, systems-change project that would:

- Create expanded partnerships;
- Form an advisory group to guide the project;
- Conduct focus groups and strategic planning as a basis for systems change efforts;
- Implement systems change based on student outcomes currently being identified in Illinois;
- Conduct yearly needs assessments;
- Initiate early and ongoing parent/family technical assistance and training;
- Develop and implement training for youth with disabilities;
- Target resources to the local level;
- Establish Chicago and East St. Louis alliances, a Training Academy for local stakeholders, and a clearinghouse of information.

Discretionary funds are distributed through regional Education-to-Career partnerships. Six grants were awarded to schools in FY00. Projects have hired vocational specialist coordinators and community employment specialists. Regional and statewide training opportunities were provided for hundreds of teachers, administrators and vocational specialists across the state.

## SPECIAL EDUCATION - MEDICAID MATCHING FUND

### $225,000,000

Medicaid Matching Funds are authorized by the Individuals with Disabilities Education Act (IDEA), as amended by P.L. 101-476 and Title XIX and Title XXI of the Social Security Act. This program provides supplemental funds for special education and related services. LEAs may claim federal Medicaid funds for school-based special rehabilitation services provided pursuant to an Individualized Education Program (IEP) or individualized family service plan (IFSP) and for screenings and diagnostics for children between the ages of birth and 21 who are eligible for Medicaid. The services must be provided prior to billing Medicaid. LEAs may also claim federal Medicaid dollars for administrative outreach activities. It is estimated that 105,000 students with disabilities receiving special education services are also eligible for Medicaid. The Illinois Department of Public Aid processes the claims and draws down the federal funds for deposit into this account. The Illinois State Board of Education flows the payments to the school district, special education cooperative or regional program providing the services.

## TITLE I - BASIC (PART A)

### $350,000,000

Title I - Basic (Part A) is authorized by the Improving America’s Schools Act (IASA) of 1994, Public Law 103-382. This program provides financial assistance to elementary and secondary school districts for supplemental programs for children from preschool through grade 12 who are at risk of failing to meet the challenging Illinois Learning Standards. All Illinois local education agencies that have at least ten or 2% of their students from low-
income families are eligible to receive direct assistance. Students in private, not-for-profit elementary and secondary schools must be afforded the opportunity to participate via their respective public school attendance centers. It is estimated that 760 LEAs participated in FY00. Grants are distributed to LEAs by formula based on the number of Title I eligible students. Funds are used for instructional salaries, supplies and materials, consultant fees, and equipment in support of supplemental programs for at-risk students.

**TITLE I - CAPITAL EXPENSE GRANTS**

$3,000,000

Title I - Capital Expense Grants are authorized by the Improving America’s Schools Act (IASA) of 1994, Public Law 103-382. Funds provided under Capital Expense Grants are used by local education agencies for capital expenses related to the provision of comparable Title I services to children attending religiously affiliated private schools. Funds are distributed based upon capital expenses incurred as outlined in the local education agency’s application.

**TITLE I & FIE - COMPREHENSIVE SCHOOL REFORM**

$8,000,000

Title I & FIE - Comprehensive School Reform is authorized by the Improving America’s Schools Act (IASA) of 1994, Public Law 103-382, and Fund for the Improvement of Education. This program is designed to improve public education by providing incentive grants to school districts to pursue comprehensive school reform. Schools, working with teachers and parents, select or design a comprehensive school reform model based on reliable research and effective practices that fit their students’ needs to achieve higher academic standards. Funds are targeted for K-12 students who are most at risk of failing to meet the Illinois Learning Standards. In FY00, 21 school districts serving 108 schools received comprehensive school funding. Funds are awarded on a competitive basis through a request for proposals process.

Grants may be renewable for two years based upon federal appropriation and successful progress. Funds are used for consultant fees, equipment, supplies and materials, and salaries in support of school reform leading to student achievement.

**TITLE I - EVEN START (PART B)**

$5,150,000

Title I - Even Start (Part B) is authorized by Part B of Title I of the Elementary and Secondary Education Act of 1965 as amended. This program builds community networks that support the family as an educational unit. Funds are provided to school districts or community-based organizations to support early childhood education activities, parenting education, and adult education for parents into a project that builds on existing community resources. The program serves children ages birth-7 who reside in an elementary area designated for participation in Title I and the adults in their families who are eligible for adult basic education. Grants are awarded on a competitive basis through a request for proposals process.

Students and parents from 40 local education agencies benefit from this federal funding. Program outcomes include the development of high-quality instructional programs that promote adult literacy, training for parents to
support the educational growth of their children, and developmentally appropriate early childhood education services designed to prepare children for success in regular school programs.

**TITLE I - IMPROVEMENT EXPENSE**

**$3,000,000**

Title I - Improvement Expense is authorized by the Improving America’s Schools Act (IASA) of 1994, Public Law 103-382. This program provides support to schools receiving Title I funds that are interested in becoming “school-wide” program schools. “School-wide” is a federal term used to describe schools that have over 50% of their students meeting low-income requirements and are undergoing a school improvement planning process in order to allocate dollars targeted to low-income students across the school to further their school improvement efforts.

There are over 900 eligible schools in the state. Currently over 400 schools are actual school-wides. The State Board of Education directs these dollars to Regional Offices of Education through a formula allocation to assist eligible schools as they become school-wides. A portion of these funds is set aside to support Academic Early Warning List activities at ISBE. Funds are used by Regional Offices of Education to provide consultant services and training to schools.

**TITLE I - MIGRANT EDUCATION (PART C)**

**$3,155,000**

Title I - Migrant Education (Part C) is authorized by the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, Public Law 100-297 (84.011A), as amended by the Improving America’s Schools Act of 1994. This program provides technical assistance and funds to school districts and community agencies for developing and providing supplemental educational services to meet the educational needs of interstate and intrastate migrant children ages 3 through 21. Funds are generally used for educational services such as activities for preschool-aged children, instruction in elementary and secondary schools, summer schools and identification and recruitment.

Students being served are educationally disadvantaged and are children of seasonal and migratory farm workers of whom 99% are Hispanic Mexican-Americans who generally come from Texas, Florida, Washington, and Mexico. The performance target is 3000 students served in the various programs estimated for FY00. Three programs operate statewide as resource projects, and the remaining projects are located throughout the state as Local Operating Agencies that are funded to provide direct services to the student population. Other supportive services such as health and dental care, meal programs and social services are used to enhance the instructional program during the summer school component of the program.

Funds are distributed to Local Operating Agencies in amounts determined by negotiations between the State Board of Education and the local service providers. Supportive services in the areas of comprehensive health, professional development and identification and recruitment of migrant students are provided through three competitively bid requests for proposals awarded to two resource providers. Funds are used to pay for teacher and teacher aide salaries for summer and regular term services to migrant students and families and to support
teacher training and coordinating services in resource projects.

**TITLE I - NEGLECTED AND DELINQUENT (PART D)**

**$2,600,000**

Title I - Neglected and Delinquent (Part D) is authorized by the Improving America's Schools Act (IASA) of 1994, Public Law 103-382. The program is designed to provide supplementary educational services that meet the special needs of children in institutions for neglected or delinquent children who attend community day programs or are in juvenile and adult correctional institutions. The number of children to be served is based on surveys of eligible youth that are completed by the institutions and the Department of Corrections.

The State Board of Education annually notifies each institution and the Department of Corrections as to the amount of funds it is eligible to receive based on the survey described above. Funds are used to support staff, materials and equipment to provide educational services to the eligible population.

**TITLE II - EISENHOWER PROFESSIONAL DEVELOPMENT**

**$14,000,000**

Title II - Eisenhower Professional Development is authorized by Title II of the Improving America's Schools Act (IASA) known as the Dwight D. Eisenhower Professional Development Program (84.16A). The purpose of this grant is to provide sustained and intensive high-quality professional development that is aligned with the Illinois Learning Standards. All Illinois local education agencies (LEAs) are eligible to receive direct assistance. Students in private, not-for-profit elementary and secondary schools must be afforded the opportunity to participate. Approximately 870 LEAs participated in FY00.

Title II provides grants to local education agencies directly or through Regional Offices of Education, who may serve as administrative agents for LEAs. 50% of the funds for LEAs are distributed according to their relative enrollments in public and private not-for-profit schools, and the remaining 50% is distributed according to the relative amount each LEA received under Part A of Title I the preceding fiscal year. Funds must be used to incorporate effective strategies, techniques, methods and practices to address the educational needs of diverse student populations to improve the teaching and learning of all students. Funds are used for consultant fees, supplies and materials and equipment in support of high-quality professional development.

**TITLE II - TEACHER QUALITY ENHANCEMENT PROGRAM**

**$3,500,000**

Title II - Teacher Quality Enhancement Program is authorized by Title II of the Higher Education Act P.L. 105-244. This program is designed to increase student achievement through comprehensive approaches to improving teacher quality. The grant program will support statewide reform activities in teacher preparation, certification and induction. Specific elements will include the redesign of preparation programs based on Illinois teacher and administrator standards, the development of new certification tests based on knowledge and performance, and establishment of a statewide induction and mentoring program for new teachers. Grants will be awarded to higher education institutions for teacher preparation program redesign.
and to public school districts to develop, pilot, and implement induction programs to support and retain young teachers.

**TITLE IV - SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES**

$27,000,000  

Title IV - Safe and Drug-Free Schools and Communities is authorized by Title IV of the Improving America’s Schools Act (IASA) of 1994, entitled Safe and Drug-Free Schools and Communities Act (84.186). These funds support initiatives to meet the seventh National Education Goal of preventing violence in and around schools. All Illinois local education agencies are eligible to receive direct assistance. Students in private, not-for-profit elementary and secondary schools must be afforded the opportunity to participate.  

70% of grant funds are distributed based on student enrollment. The remaining 30% are distributed to LEAs that the Illinois State Board of Education has determined to have the greatest need for additional funds to carry out drug and violence prevention programs. Additionally, funds are available to support demonstration and exemplary programs for the purposes stated above. These funds support initiatives to prevent the illegal use of alcohol, tobacco, and drugs; involve parents; and coordinate efforts with related federal, state, and community efforts and resources to provide a school infrastructure and learning environment supportive of student learning.

**TITLE VI - INNOVATIVE EDUCATION PROGRAM STRATEGIES**

$16,000,000  

Title VI – Innovative Education Program Strategies is authorized by Title VI of the Improving America’s Schools Act (IASA) of 1994 entitled Innovative Education Program Strategies (84-151), formerly Chapter 2, ESEA.  

This program supports local education reform efforts that:

- are consistent with and support statewide reform efforts under the Goals 2000: Educate America Act;
- improve student achievement relative to the Illinois Learning Standards;
- support state and local efforts to accomplish the National Education Goals;
- provide funding to enable state and local education agencies to implement promising educational reform programs;
- provide a continuing source of innovation and educational improvement, including support for library services and instructional and media materials; and
- meet the special needs of at-risk and high-cost students.

All Illinois local education agencies are eligible to receive direct assistance. Students in private, not-for-profit elementary and secondary schools must be afforded the opportunity to participate. Title VI provides grants to local education agencies. The FY00 allotment formula distributed not less than 85% of the grant to LEAs according to their relative enrollments in public and private nonprofit schools, adjusted to provide higher per-pupil allocations to LEAs that have greater numbers or percentages of children whose education imposes a higher than average cost per child.
TITLE VII - FOREIGN LANGUAGE ASSISTANCE PROGRAM
$500,000
Title VII – Foreign Language Assistance Program is authorized by Title VII, Part B of the Improving America’s Schools Act, entitled the Foreign Language Assistance Program. This program support initiatives that promote systemic approaches to improving foreign language learning. The program funds the creation of model elementary and secondary foreign language programs. Illinois districts receive money through a competitive grant process administered by the State Board of Education. Grants are awarded to LEAs on a competitive basis through a request for proposals process. Funds can be used by LEAs to hire staff, purchase materials, train teachers and staff and otherwise enhance second language programs.

TROOPS TO TEACHERS
$150,000
In cooperation with the U.S. Department of Defense, the Illinois State Board of Education assists in the implementation of a program authorized by Public Law 102-484 to provide military personnel, Department of Defense, Department of Energy and other civilian personnel adversely affected by the military “drawdowns” opportunities to prepare for and secure employment in public education. The goal of the federal legislation is to help improve American education by providing mature, motivated, experienced and dedicated personnel for the nation’s classrooms. The main objectives include (1) assisting military and civilian personnel impacted by military reductions to enter a new career in public education; (2) providing positive role models for the nation’s public school students; and (3) helping relieve teacher shortages, especially in the subjects of math and science.

The State Board of Education has established an information center within the Division of Professional Certification to guide affected personnel through the teacher preparation and certification process and thus enable them to teach in Illinois public schools. Funding provides a maintenance level of support for agency personnel assigned to the program, including support for an awareness campaign; creation of communications channels; and assistance to candidates in identifying avenues for high-quality preparation, informing them of certification procedures, and identifying career opportunities.

VOCATIONAL EDUCATION - ADULT EDUCATION
$18,000,000
Adult Education – Federal is authorized by the Adult Education and Family Literacy Act P.L. 150-200. To ensure that every Illinois learner reads with understanding and proficiency, federal adult education and literacy funds are used to encourage public schools, community colleges and private nonprofit agencies to initiate and/or maintain courses of study which enable adults and youth whose schooling has been interrupted to obtain an elementary equivalency. The program also enables all adults and youth whose schooling has been interrupted to learn English as a second language or to obtain citizenship. This program is linked to state adult education appropriations to deliver comprehensive services at the local level.

Approximately 125,000 adults receive services from combined federal and state adult education funds through 125 local programs provided by local
education agencies, community colleges and community-based organizations. The federal funds are distributed to public schools, community colleges and private nonprofit agencies under a competitive process. Setting approved budgets as the maximum reimbursement, programs must also generate all instructional costs using the following formula:

- For adult basic education, the maximum reimbursement per credit hour or per unit of instruction is equal to the General State Aid per-pupil foundation level divided by 60.
- For students enrolled in classes defined and approved as adult secondary education programs, the maximum adult basic education reimbursement rate is multiplied by .90.
- For community college districts, the reimbursement rate in all areas is reduced by the Adult Basic Education/General Education Development/English as a Second Language credit-hour grant rate prescribed in Section 2-16 of the Public Community College Act, as prorated to the appropriation level.

In addition, funded programs may receive reimbursement for transportation and child-care services and other special needs of the students directly related to such instruction.

VOCATIONAL EDUCATION - BASIC GRANT

$43,500,000

Vocational Education - Basic Grant is authorized by Public Law 101-392, Carl D. Perkins Vocational and Applied Technology Education Act of 1998. The Illinois career and technical education delivery system implements the State Board's Education for Employment policy. Regional delivery systems and community colleges coordinate the delivery of employment preparation programs for youth and adults and their training for adaptation to the changing workplace. The Basic Grant supports career and technical education state leadership activities and secondary and post-secondary programs. Funds are designed to develop the academic and career and technical skills of students participating in programs supported by these funds.

The major activities that are funded include:

- curriculum development and dissemination efforts;
- improvement of programs through a statewide system of performance standards and measures;
- professional development, including workshops, seminars and institutes for instructors and administrators;
- locally initiated projects for expansion or modernization of programs through curriculum renewal, staff development and instructional equipment;
- assessment and data analysis;
- services designed to enhance student success such as career guidance, counseling, and elimination of sex-bias and stereotyping;
- services for special populations including students with disabilities, disadvantaged students, limited-English-proficient students, potential dropouts, single parents and homemakers, and persons seeking careers in nontraditional fields; and
- incorporating effects of new and emerging technologies into curricula, instruction, and instructional equipment.

Federal funds are distributed to eligible recipients through allocation formulas or on a competitive basis according to the rules and regulations issued for the
Carl D. Perkins Vocational and Applied Technology Education Act. Improved student performance is measured in the required areas of 1) academic and career and technical skill proficiencies; 2) education attainment; 3) post-training success such as continued education, military service, or employment; and 4) success of non-traditional students in specific program areas.

**VOCATIONAL EDUCATION - JOB TRAINING PARTNERSHIP**

$4,595,400

The Job Training Partnership program is authorized through the Job Training Partnership Act (JTPA) as amended (29 U.S.C. 1501 et seq.). These federal funds provide at-risk (academically and economically disadvantaged) in-school youth education, training and career services to increase the number of students staying in school, graduating from high school or receiving a recognized equivalency degree while preparing them for a career and possible earnings higher than minimum wage. The program also helps ensure that all at-risk students are able to meet the learning and workplace skills required to enter the workforce and secure higher-level educational and occupational skills and decrease welfare dependency.

This program provides at-risk youth (academically and economically disadvantaged) education and training services from the age of 14 through 21 years of age. School districts, Education for Employment Regional Delivery Systems, universities or systems that are involved in providing services to youth for Education-to-Careers receive funds through awarded grants (request for proposals) or continuation grants.

**VOCATIONAL EDUCATION - TECHNICAL PREPARATION**

$6,000,000

Vocational Education - Technical Preparation is authorized by Public Law 101-392, Carl D. Perkins Vocational and Applied Technology Education Act of 1990. Technical Preparation provides linkages to postsecondary education ensuring that students enrolled in Tech Prep programs have opportunities to pursue a two-year postsecondary or a baccalaureate degree. Tech Prep also contains all other elements fundamental to effective Education-to-Careers programming. These include integrating academic and vocational education and expanding and strengthening partnerships with business and industry. The objective of Technical Preparation is to prepare qualified students to meet the increasingly demanding requirements of the high-skill job market. Programs are developed at the secondary school and community college level. A portion of these funds will be used for coordination, teacher inservice, curriculum development, program improvement, development of work-based learning opportunities and career planning activities to support the Tech Prep initiative.

Funds are awarded to community colleges, secondary vocational regional systems, universities and private-sector partners via allocation grants and/or competitive grants based on program quality indicators. Funds are used to support continued development of Tech Prep programs at the state and local levels. Primary emphasis focuses on linking Tech Prep to Education-to-Careers, providing career guidance and development related to career majors, strengthening articulation and transfer of credits from secondary to post-secondary education, and providing
technical assistance and inservice to local sites.

**VOCATIONAL EDUCATION - TECHNOLOGY LITERACY**

$20,000,000

Technology Literacy is authorized by Title III of the Elementary and Secondary Act, subpart 2 of Part A. The Technology Literacy Challenge Program ensures that public and nonpublic students are technologically literate through the full integration of technology into the teaching and learning process for children. The federal funds demonstrate a national commitment to use technology as a tool to enhance the academic achievements and the future opportunities of all children. Schools are urged to form partnerships with other entities such as higher education, business and industry, libraries and community groups to leverage funds.

The federal government requires that each state award the funds directly to school districts or consortia of school districts on a competitive basis. School districts must conduct meaningful consultation with appropriate nonpublic schools during the development phase of a Technology Literacy Challenge application. In addition, 1/3 of the funds are granted to school districts with the highest percentage of children in poverty and/or with the greatest need for technology, including applicants who address special needs populations through the use of technology and telecommunications.

Grants are awarded on a competitive basis through a request for proposals process. The federal dollars enhance state initiatives that focus on the integration of technology and telecommunications into the schooling process.
PART III

Recent State Legislation

This part provides a brief synopses of recently enacted legislation affecting instructional programs, board responsibilities, school district accounting practices, and other financial issues. Persons interested in a summary of all recent legislation affecting schools in Illinois should contact the Governmental Relations Unit at 217/782-6510.

Amends the Property Tax Code to create a veteran’s organization assessment beginning in tax year 2000. Property qualified for this new assessment includes the principal building of a post, camp or chapter owned and used by a veteran’s organization chartered under federal law. Requires the chief county assessment officer to freeze the assessed value of qualified property at (a) 15% of the 1999 assessed value for the assessment freeze in taxable year 2000 or (b) 15% of the assessed value for the taxable year the property first qualifies for the assessment freeze after taxable year 2000. If improvements or additions are made to the property, which increases the assessed value of the property were it not for this new enactment, 15% of the assessed value of such improvements shall be added to the assessment of the property for that year and all subsequent years the property is eligible for the freeze. Requires the veteran’s organization to annually submit an application, including specific documentation, to the chief county assessment officer on or before January 31 of the assessment year in Cook County, and on or before December 31 of the assessment year in all other counties.

Exempts from the Sales and Use Tax Acts motor vehicles donated to organizations determined by the Department of Revenue to be organized and operated exclusively for educational purposes. Also exempts from the Sales and Use Tax Acts, beginning January 1, 2000, items, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, if the events are sponsored by a volunteer group that consists primarily of parents and teachers. Stipulates that this provision does not apply to fundraising events that benefit private home instruction or for a group that purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale and thereby profits from the sale to the fundraising entity.

Amends the Local Government Debt Reform Act. Provides that a governmental unit may levy a tax to pay the principal general obligation bonds or limited bonds (now, general obligation bonds). Provides that for the purposes of the section concerning bonds consisting of leases and installment or financing contracts, interest on bonds sold at less than 95% of their stated
value includes the difference between the amount set forth on the face of the bond as the original principal amount and the bond’s stated value at maturity (now, interest includes the difference between the amount received for the sale of the bonds and their stated value at maturity). Allows a governmental unit to purchase or lease intervals for a period of 20 years or another period of time otherwise authorized by law. Allows governmental units to issue certificates evidencing indebtedness incurred under these agreements. Provides that indebtedness incurred under these agreements may not exceed the applicable debt limits when aggregated with the existing indebtedness of the governmental unit. Allows a governmental unit to sell, convey and reacquire the property on any terms and conditions and in any manner that the governmental unit determines, if the governmental unit will lease the property. Provides that the approval of a referendum or backdoor referendum, once obtained, remains (i) for 5 years after the date of the referendum or (ii) 3 years after the end of the petition period for a backdoor referendum. Provides that these provisions apply only to referenda and backdoor referenda held after the effective date of this amendatory act. Amends the Illinois Municipal Code. Allows certain municipalities to purchase or lease property through contracts to be paid through installments during a period of time not to exceed 20 years (now, 10 years).

House Bill 1291 (Public Act 91-75) effective July 9, 1999. Provides that failure by a school board with under 500,000 inhabitants to adopt an annual budget shall not affect the validity of any tax levy otherwise in conformity with the law. Provides that, with respect to taxes levied either before, on, or after the effective date of this act, a tax levy is due to be made and a board’s adoption of an annual budget is not a limit on the levy amount.

House Bill 1327 (Public Act 91-45) effective June 30, 1999. Amends the Senior Citizens Assessment Freeze Homestead Exemption in the Property Tax Code. Provides that if in any subsequent taxable year for which an applicant applies and qualifies for the exemption the equalized assessed value decreases, then that year shall become the “base year” for the purposes of the Act. Provides that for the taxable year 1999, the Chief County Assessment Officer shall select as the lowest base year the year with the lowest equalized assessed value. Provides that assessed value based on a temporary irregularity in the property that reduces the assessed value for one or more taxable years shall not be considered the lowest equalized assessed value.

Senate Bill 175 (Public Act 91-96) effective July 9, 1999. In the calculation of General State Aid for schools, changes the current component used to adjust the real property EAV for a school district maintaining grades 9-12 from 1.20% to 1.05%.

Senate Bill 376 (Public Act 91-523) effective January 1, 2000. Creates the Cook County Truth in Taxation Act to require taxing districts, including home rule units, with territory in Cook County to disclose by publication and to hold a public hearing on their intention to adopt an aggregate levy. Sets uniform dates for the public hearings of taxing districts. Sunsets the Act on January 1, 2003. Amends the Truth in Taxation Law in the Property Tax Code to exempt Cook County from the law’s provision through December 31, 2002. Provides that the failure of a taxing district to hold a scheduled public hearing due to good
cause unrelated to inadvertence, including, but not limited to, natural disasters, does not violate the hearing requirement. Provides that for the purpose of permitting the issuance of warrants or notes in anticipation of the taxes to be levied, a taxing district may hold a hearing before the scheduled hearing in the first week of December on the intent to adopt an aggregate levy. Provides that the hearing notice shall comply with the Law’s requirements and that this earlier hearing is not in lieu of the scheduled hearing. Amends the State Mandates Act to require implementation without reimbursement.

**Senate Bill 941 (Public Act 91-628) effective January 1, 2000.**
Amends the Local Governmental and Governmental Employees Tort Immunity Act. Provides that a public entity’s annual report must list all expenditures from the self-insurance reserves or tax levies under the Act. Sets out a policy of the General Assembly to restrict the expenditures of tax revenue under the Act to funding tort liability, insurance, and risk management programs.

**Senate Bill 1026 (Public Act 91-211) effective July 23, 1999.**
Amends the Public Funds Deposit Act. Provides that a treasurer or custodian of public funds may deposit public funds in a savings bank and may enter into an agreement with a savings bank, with a federally insured financial institution or trust company, or with any agency of the U.S. government for the deposit of securities for public funds held by banks and savings and loan associations.

**Senate Bill 1075 (Public Act 91-9) effective June 3, 1999.**
Amends the Income Tax Act to create a tuition tax credit. Allows the custodians of qualifying students in public and nonpublic elementary and secondary schools to claim a credit against qualified expenses (tuition, book fees, and lab fees) in excess of $250. Provides that the credit shall be equal to 25% of the qualified education expenses not to exceed $500. Provides that the tax credit shall not reduce the taxpayer’s liability to less than zero.

**House Bill 131 (Public Act 91-63) effective January 1, 2000.**
Establishes a section creating cooperative high schools. Requires joint operation to be taken for a minimum period of 20 (now 5) years. Allows a district to withdraw from an agreement for joint operation during the initial 20-year term only if the district is consolidating with one or more districts. Allows the governing board to adopt a budget for the cooperative high school (instead of recommending a budget, which must then be approved by each of the participating districts). Allows a district to withdraw from an agreement if the district is reorganizing (instead of consolidating) with one or more districts. Provides that the membership of the governing board shall be set by the agreement (provided that membership is not less than 6 nor more than 10). Changes the provisions concerning the transfer of teachers upon formation of the cooperative high school. Adds provisions concerning the transfer of educational support personnel.

**House Bill 2020 (Public Act 91-46) effective June 30, 1999.**
In provisions concerning annexation of non-coterminous territory from an elementary or high school district, replaces references to Illinois State Board of Education with reference to regional board of school trustees. Also provides that any contiguous portion of a district that constitutes 5% (instead of 10%) or less of assessed value may be annexed. Prohibits a district from losing more than 5% of assessed value. Provides that the contiguous portion of the district must also constitute 5% or less of the territory of the district in order
to be detached and annexed. Provides that no district may lose more than 5% of its territory through petitions filed under the provisions concerning the annexation of non-coterminous territory from an elementary or high school district, and provides that if a petition seeks to detach territory that would result in a cumulative total of more than 5% of a district’s territory being detached under these provisions, the petition shall be denied.

**Senate Bill 215 (Public Act 91-460) effective August 6, 1999.**
Under provisions allowing territory located within a military installation to be detached from a school district to create a new district, provides if the new district has not elected a school board and has not become operational within 2 years after date of detachment, the district is automatically dissolved and the territory reverts to the district from which it was detached.

**Senate Bill 291 (Public Act 91-96) effective July 9, 1999.**
Removes the requirement that the State Board of Education submit a report to the General Assembly regarding the number of special education students projected to exit the public schools the following school year. Establishes the requirement that charter schools approved by the State Board of Education maintain records of daily attendance in order to determine the charter school’s average daily attendance. Requires districts, for purposes of claiming gifted education reimbursement, to use the same equalized assessed valuation for General State Aid for any given year. Deletes obsolete references in the School Code.

**Senate Bill 475 (Public Act 91-269) effective July 23, 1999.**
Amends Trustees of Schools Article of School Code. Provides that a waiver of a mandate concerning county school units may not be requested.

**House Bill 420 (Public Act 91-241) effective July 22, 1999.**
Beginning on January 1, 1998, allows a community unit school district located in three or more counties that is a member of a special education co-op that has a governing board composed of one member of the school board of each cooperating school district to withdraw from the co-op upon petition to and approval by the regional school board of school trustees of the educational service region whose regional superintendent of schools has the supervision and control of that community unit school district. Provides that on the effective date of the bill any matters concerning withdrawal that are pending before any other affected boards or regional school trustees, township trustees of schools or school boards are terminated. Provides that all other requirements for withdrawal must be satisfied.

**Senate Bill 987 (Public Act 91-168) effective July 16, 1999.**
Amends Vehicle Code. Requires (rather than permits) a school bus to be equipped with one strobe lamp. A school bus purchased after the effective date of this amendatory Act (instead of all school buses) shall be equipped with one strobe lamp with specified characteristics. Provides that the requirement for outlining emergency exits of school buses shall begin June 1, 2000.
House Bill 1640 (Public Act 90-0653) effective July 1, 1998.

Contains clean-up language to House Bill 452 (effective January 1, 1998). These changes include:

- defining function codes for purposes of calculating administrative cap to include only 2320, executive administration; 2330, special services administration; 2490, other school administration services; 2510, direction of business support services; 2570, internal services; 2610, direction of central support services;
- excluding early retirement and other mandated retirement payments from the administrative cap;
- removing the provisions of the administrative cap that make comparisons to instructional expenditures;
- allowing districts with administrative cost per pupil in the twenty-fifth percentile by type, after conducting a public hearing on the issue, waive the provisions of the act upon two-thirds vote on the board;
- changing the filing date of the administrative cap report to November 15;
- including provisions to seek a waiver of the administrative cap under Section 2-3.25g of the School Code;
- providing for progressive sanctions by the State Board for noncompliance with the administrative cap requirements;
- adjusting the double-whammy calculations for districts impacted by tax caps;
- removing language that allows prorating of the hold harmless monies;
- providing for audits of block grants;
- changing the school construction grant program to provide for approved districts impacted by the lack of funding; and
- including various changes impacting teacher certification and alternative schools.


Among other provisions of statute, amends Sections 17-2.2a and 19-1 of the School Code. By referendum, special education purposes tax rates per $100 of equalized assessed valuation to a maximum of .40 and .80 for dual and unit districts respectively.

This statute also amends Section 27A-11 of the School Code relieving districts from repaying debt incurred by charter districts as a result of State Board loans for start-up costs.

Senate Bill 1331 (Public Act 90-0719) effective August 8, 1998.

Amends the Property Tax Extension Limitation Law (35 ILCS 200/18-215) for reorganized districts. These provisions correct issues of tax levies not accessed. Referendum requirements for new levies shall not apply.

Senate Bill 1555 (Public Act 90-0688) effective July 31, 1998.

Adds a new section to the Public Funds Investment Act (30 ILCS 235/2.5). The section applies to all governmental units and requires the implementation of an investment policy for all public funds on or before January 1, 2000. The section includes specific items that are to be addressed (safety, rates of return liquidity, etc.).

House Bill 672 (Public Act 90-0737) effective January 1, 1999.

Creates new sections of statute to establish governmental ethics and ban the acceptance of gifts. Governmental boards must appoint an ethics officer to assist in the preparation of economic interest statements, if necessary, and to review said statements prior to filing.
Senate Bill 1335  (Public Act 90-0800) effective January 1, 1999.
Includes school districts in the provisions of the Criminal Code that deal with public contracts (720 ILCS 5/33E-2 et. seq. and 5/5-91.3). Basically, under penalty of law, truthful information shall be provided vendors. Chaining of bids shall not occur.

Adds Section 430 ILCS 15/3.5 and amends Section 430 ILCS 15/7 of the statutes. The provisions require the State Fire Marshall to certify whether or not a district’s underground storage tank(s) comply with that office’s regulations by affixing notice of it. Districts that do not comply by December 22, 1998, shall have no deliveries made to any non-compliant storage tank.

Amends the Tort Immunity Act (745 ILCS 10/3-108 and 1-210). Limits the standard upon which suites may be brought against governmental entities and employees. Basically, the conduct in question must be willful and wanton.

This Act amends the Insurance Code; it authorizes the Illinois Mine Subsidence Insurance Fund to enter into reinsurance agreements with intergovernmental cooperatives that provide self-insurance for mine subsidence losses.

House Bill 231  (Public Act 90-286) effective August 1, 1997.
This Act amends the Property Tax Code. The Plat Act is amended to provide that an owner of land shall submit simultaneously with a subdivision plat a notarized statement indicating the school district in which each tract, parcel, lot or block lies.

This Act amends the Election Code, the Special Districts Code, the School Code, and the Higher Education Code. It eliminates the non-partisan election held in November of odd-numbered years and moves to the April consolidated election the election of those officials. School board members elected in 1995 that will be running in 1999 will be elected in April of 1999; however, the election winner will not take office until November of 1999. The same will again occur for those elected in 2001. Starting in 2003, 4-year terms will run from April to April.

This Act amends Section 9-11.2 of the School Code. It provides that in school districts that elect board members according to area of residence and that have one or more unexpired board terms to be filled at an election, the winner or winners of the unexpired term or terms shall be determined independently of those running for full terms.

This Act amends Section 10-22.31 of the School Code. It eliminates the requirement that the members of an executive board of a special education joint agreement must be school board members but stipulates that, if superintendents are used, they must be superintendents from the school districts party to the joint agreement.

Senate Bill 555  (Public Act 90-103) effective July 11, 1997.
This Act amends Section 10-22.31 of the School Code and adds Section 10-22.31.1 to the School Code. The Act
allows a community unit district to withdraw from a special education joint agreement upon 60 days notice and the filing of an intent to withdraw statement with the governing board of the joint agreement program.

**Senate Bill 558 (Public Act 90-223) effective January 1, 1998.**
This Act amends Section 29-3 of the School Code. It addresses transportation requirements for students who live within 1½ miles of school, but where walking constitutes a serious safety hazard due to vehicular traffic. It requires a school board, on petition of a parent or guardian of certain pupils, to conduct a study (to be reviewed by the Department of Transportation) on the issue of whether a serious safety hazard due to vehicular traffic exists. The Act also designates that a railroad crossing may also be a serious traffic safety hazard.

**Senate Bill 559 (Public Act 90-224) effective July 25, 1997.**
This Act amends Section 24-12 of the School Code. The Act makes several changes regarding the teacher dismissal hearing procedures, including

- provides that a person must have a minimum of five years of experience directly related to labor and employment relations between educational employers and educational employees to be included on the State Board of Education’s prospective hearing officer list;
- revises the procedure under which hearing officers may be selected in such proceedings by providing for a second list and for an alternative selection procedure;
- eliminates the $300 maximum per diem for a hearing officer and also eliminates a requirement that the hearing be public if either the teacher or school board request;
- with few exceptions, requires a hearing officer to make a decision within 30 days from the closure of the record; and
- changes to “not more than 24 months” the period for which a hearing officer who, without good cause, fails to make a decision within the applicable 30 day period may have his or her name stricken from the list of hearing officers.

**House Bill 452 (Public Act 90-548) effective December 4, 1997. (Most substantive provisions effective January 1, 1998).**
This Act amends numerous sections of the School Code and adds a number of new sections. It also amends the Finance Code, the Pension Code, the Educational Labor Relations Act, and the Revenue Code. This is the major school funding and school reform bill approved in 1997. The Act makes the following changes regarding school funding:

- increases the Cigarette Tax by 14 cents per pack;
- increases the Telecommunications Excise Tax from 5% to 7%;
- increases the penalty for failure to pay on tax deadbeats from 15% to 20% (applies to all taxes collected by the Department of Revenue);
- imposes a graduate tax on riverboat gambling;
- recalculates the Adequacy Grant in Fiscal Year 1998 so that each district has a per-pupil foundation level of $4,100;
- adds a new supplemental state aid grant in Fiscal Year 1998 that is created for low-income students amounting to $30.50 per low-income pupil;
- sets new foundation levels for public education funding: Fiscal Year 1999 is set at $4,225 per pupil, Fiscal Year 2000 is set at $4,325 per pupil,
and Fiscal Year 2001 is set at $4,425 per pupil;

- creates a supplemental poverty grant based upon the concentration of these students;
- includes a continuing appropriation that requires the General Assembly to fully fund the formula and poverty grant. This provision sunsets June 30, 2001;
- creates an Education Funding Advisory Board to make recommendations for foundation levels and poverty grants for Fiscal Year 2002 and beyond;
- includes a hold harmless provision to guarantee that no district will receive less state aid than received in 1997-98. Hold harmless payments would come from a separate appropriation and if the appropriation is short, amounts will be prorated;
- eliminates grade-level weightings;
- creates a supplemental grant to address the “double whammy”;
- creates a $1.4 billion school construction matching grant program based upon a grant index ranging from 35% - 75%. Includes a provision limiting eligibility to those with a student population over 200 students (elementary and high school districts) and 400 students (unit districts). Chicago is guaranteed 20% of the school construction grants awarded each year;
- creates a debt service grant to allow a portion of the construction dollars to be available in grant form for school districts that passed construction bond referenda between January 1, 1996, and January 1, 1998; and
- creates a Revolving Loan Program for schools to purchase technology hardware. Excess dollars generated by the Telecommunications Tax for the first three years (estimated at $30 million) will be earmarked for this program.

The Act makes the following changes regarding education reform:

- requires the state superintendent of schools to serve pursuant to a performance-based contract;
- creates a Professional Development Block Grant and an Early Childhood Block Grant;
- changes the existing K-6 Reading Improvement Program into the K-6 Reading Improvement Block Grant Program. Funds must be used to reduce class size in grade K-3, extend the school day or school year, create transitional grades between grades 1-2 and 2-3, establish reading academies, hire additional aides or reading specialists, or retrain teachers for better reading instruction. Grant funds will be disbursed on a two-year basis; in the third year districts must show improvement on IGAP reading scores in order to continue receiving funding;
- requires the State Board of Education to provide liability insurance for certified employees who request such coverage;
- requires school boards to adopt a policy by September 1, 1998, that ensures students meet local goals and objectives and can perform at the expected grade level prior to promotion (no “social promotion”). Students who do not qualify for promotion (as determined by the school board) must be provided remedial services;
- requires school districts with grades 9-12, beginning with the 1998-99 school year, to establish a “no pass-no play” policy under which a student must maintain a minimum grade-point average (as determined by the school board) to participate in athletic or extracurricular activities;
clarifies that school officials have the authority to exclude suspended/expelled students from all school activities and to deny access to school grounds;
clarifies that school districts may enter into contracts with third parties to provide non-instructional services;
allows school districts to hire registered nurses to provide professional nursing services in schools;
allows school boards to RIF non-certified employees with 30 days notice before their last day of work (instead of 60 days before the end of the school year);
establishes a new multi-tiered teacher certification process effective July 1, 1998. Beginning teachers receive an Initial Teaching Certificate (after passing a test), a Standard Teaching Certificate is given to individuals who have taught four years with Initial Certification and passage of the Standard Certification Test (renewable every five years based on proof of continuing professional development), and a Master Teaching Certificate is given to teachers who attain National Board Certification (a seven-year renewable certificate);
provides that after the expiration of any contracts in place, school districts may only hire superintendents, principals, and other administrators under either one-year contracts or multi-year contracts up to five years that are based on student performance. Performance-based contracts must be linked to student performance and academic improvement as determined by the local school board. No performance-based contract may be extended or rolled over prior to its scheduled expiration unless all the performance and improvement goals have been met;
establishes a cap on growth of administrative expenses beginning with the 1998-99 school year. Beginning that year, administrative expenses may not exceed the lesser of 5% or the growth in instructional expenses. Provides exemption for districts with administrative costs per pupil in the 25th percentile and below;
takes the General-State-Aid-difference incentive and the salary-subsidy incentive and extends them from three years to four years to provide more incentive for school district consolidation;
creates an alternative teacher certification program;
creates an alternative administrator certification program;
changes the RIF notification period for teachers from 60 days to 45 days before the end of the school year;
changes the probationary period prior to granting tenure from two years to four years;
changes the remediation period for teachers to 90 days (instead of one year);
extends the notification period on teacher strikes from five days to 10 days; and
changes the Charter School Law to allow the State Board of Education to overrule a local board of education on a charter school application and to allow the State Board to become the chartering entity.

This Act amends the Finance Code and the School Code. It creates the Temporary Relocation Expenses Revolving Grant Fund and authorizes the State Board of Education to distribute loan and grant moneys appropriated from that fund to school districts for temporary relocation expenses incurred due to disasters or
due to condemnation by a **regional superintendent**. The Act also provides that the school district must pay back the amount loaned and requires the district to levy a temporary relocation expense tax. It limits the duration of the tax to seven years. Grants can be made by the State Board of Education if the district’s relocation expenses exceed the amount the district is able to repay. The school district is required to hold a public hearing on, and adopt a plan to correct, building violations identified by the regional superintendent. Requires the regional superintendent to direct the State Board of Education to withhold from the district’s General State Aid an amount sufficient to correct building violations the district has failed to correct by the time of the next annual inspection report.

**Senate Bill 69 (Public Act 90-97) effective July 11, 1997.**
This Act amends Section 10-22.25a and 17-2.2c of the School Code. It includes technology components (computer hardware, software, equipment, fixtures, renovations and improvements to district facilities that are necessary to accommodate computers) as personal property in the provisions relating to school district leases of personal property. Regarding the provisions relating to the tax school districts may levy for leasing educational facilities, the Act also includes computer technology as a purpose for which the tax may be levied.

**Senate Bill 1072 (Public Act 90-547) effective December 1, 1997.**
This Act amends Section 14-8.01 of the School Code. It limits the amount of total Individuals with Disabilities Education Act, Part B discretionary funds available to the State Board of Education and the manner in which those federal moneys may be used.

**House Bill 1005 (Public Act 90-566) effective January 2, 1998.**
This legislation contains many provisions initiated by the State Board of Education, including

- changes references under the Community and Residential Services Authority from individuals who are behavior-disturbed or severely emotionally disturbed to individuals with a behavior disorder or a severe emotional disturbance. Changes the name of the authority and specifies four events that create vacancies on the Authority. Replaces references to placements of individuals with a reference to a plan of service for individuals;
- requires school districts to install sprinkler systems in additions to existing buildings only if the addition is 7,200 square foot or more and if an automatic fire-detection system is installed in the addition;
- expands the state assessment program to provide for assessment of pupils in grades 4, 7, 8, 10 and 11; revises the Prairie State Achievement Examination; makes students’ IGAP scores a part of their temporary record and requires all state assessment tests under IGAP to be academically based;
- authorizes the ISBE to contract with private colleges and universities in the areas of technology, telecommunications and information access;
- authorizes the ISBE to include private colleges under the provision allowing the ISBE to charge a fee for port access to its educational network so long as that access does not diminish services available to public schools and students;
- provides for expedited hearings under the IDEA for pupils under the Act when it is determined that the student’s behavior was not a manifestation of the student’s
disability or if there is a disagreement regarding the district’s decision to move the student to an alternative educational setting for a weapon or drug violation;

- authorizes school districts to seek zoning changes, variations and special uses for school property;
- authorizes laboratory schools to seek grants administered by the ISBE that are available to other schools;
- authorizes regional superintendents to contract with community colleges for the operation of alternative schools serving more than one educational service region;
- prohibits school districts from knowingly employing persons who are found to be perpetrators of sexual or physical abuse and requires the ISBE or regional superintendent to initiate proceedings for the suspension or revocation of the teaching/administrative certificates of such perpetrators;
- changes hearing procedures applicable to pupil residency challenges for Chicago public schools;
- allows public schools to include the “Irish Famine” as a part of their curriculum and allows the ISBE to make instructional materials available;
- allows the dissemination of records to a governmental agency to investigate a student’s school attendance amending the School Student Records Act;
- encourages school districts to employ at least one staff member certified in CPR and authorizes a school board to allocate appropriate portions of its institute or inservice days to conduct training programs for teachers and other school personnel about emergency first aid or CPR;
- requires the ISBE to make sources of information available that may provide alternatives to dissection;
- requires the Department of State Police to include information regarding an individual’s conviction for inflicting physical or sexual abuse upon a minor in the criminal background check of school district personnel; and
- moves the Preschool At-Risk program from the Chicago school district’s Educational Services Block Grant and places that program along with the REI Initiative program under the General Education Block Grant. It also establishes a formula for block grants in Chicago guaranteeing that it will not lose money when the block grants in House Bill 452 are established.

**House Bill 1112 (Public Act 90-388) effective August 15, 1997.**
This Act amends Section 2-3.117 of the School Code. It allows the State Board of Education to enter into intergovernmental agreements in the areas of technology, telecommunications and information access.

**House Bill 1751 (Public Act 90-361) effective January 1, 1998.**
The Act authorizes the State Board of Education and the Board of Higher Education to reimburse not-for-profit arts and humanities organizations and cultural institutions for the costs of providing educational programs to students.

**Senate Bill 709 (Public Act 90-498) effective January 1, 1998, and House Bill 1506 (Public Act 90-96) effective January 1, 1998.**
Senate Bill 709 provides that the State Board of Education is to implement and administer a three-year Giant Steps pilot program and make grants to participating school districts for the
study and evaluation of autism and related teacher training. Another provision creates the Service Evaluation Committee, which is to assume and exercise certain duties currently exercised by the State Board and the regional offices of education. The Committee will consist of one member from each of the following entities: Regional Superintendents Association, State Board of Education staff, Parent Teacher Association, Illinois Education Association, Illinois Federation of Teachers, Illinois Association of School Boards and the Illinois Association of School Administrators. The Act provides that the committee will design, develop and review and modify as necessary the form used by school districts to annually evaluate the quality of services furnished to the districts by the State Board of Education and the regional offices of education. House Bill 1506 contains identical language regarding the Service Evaluation Committee.

**Senate Bill 876 (Public Act 90-62) effective July 3, 1997.**

This Act amends Section 2-3.25g of the School Code. It requires the State Board of Education to submit by February 1 of each year a cumulative report summarizing all types of mandate waivers and modifications granted by the General Assembly and identifying the waiver topics and the percentage of school districts for which the waivers have been granted.
PART IV

School District Reorganization

TYPES OF REORGANIZATION

Consolidations

Articles 11A and 11B of the School Code govern consolidation, which is the merging of the territory of two or more existing districts to form a new district. Article 11A governs the formation of unit districts from:

1) unit districts only;
2) elementary and secondary districts only; and
3) all three types of districts.

Article 11B governs the formation of elementary districts from two or more entire elementary districts and the formation of secondary districts from two or more entire secondary districts.

The procedure for consolidation under Article 11A includes:

1) the filing of a petition by voter signatures or by action of the affected school boards that must set forth the maximum tax rates the new district would be authorized to levy;
2) a public hearing by the regional superintendent followed by his recommendation to the state superintendent to approve or deny the petition;
3) a review by the state superintendent of the petition, the transcript of the hearings, and evidence submitted at the hearings;
4) a decision by the state superintendent to approve or deny the petition;
5) if approved by the state superintendent, a referendum in which a majority of voters in each affected district vote "yes"; and
6) the election of a new board of education (normally) at the next regularly scheduled election.

Any circuit court review of the state superintendent's decision must be initiated within 35 days of his decision.

The same process is required for consolidation proposals under Article 11B with the exception that Article 11A propositions pass if a majority of voters in each affected district vote in favor of the proposition. The passage of an Article 11B proposition requires only a majority of those voting overall.

Annexations

Articles 7 and 7A of the School Code govern annexations. Article 7 annexations involve boundary changes ranging from detaching a portion of territory from one district and annexing it to another to the dissolving of a district and the annexing of its entire territory to one or more contiguous districts. This section deals only with annexations that result in the dissolution of a district. Article 7A authorizes the annexation of all the territory of a unit district into a contiguous high school district and the simultaneous dissolving of the unit district and the conversion of its territory into an elementary district.

The processes to be followed under these two articles are very different. The Article 7A procedures resemble those of the consolidation laws. The
petition may be filed by the affected boards or by a specified number of voters. The petition filed with the regional superintendent must contain the maximum tax rates for both the annexing high school district and the proposed new elementary district. If the state superintendent approves the petition, the proposition goes to referendum, and a majority of voters in both the high school district and the unit district proposed to be converted must vote "yes" for the proposition to pass. If it passes, a new board is then elected for the newly created elementary district at the next regularly scheduled election.

Under Article 7 the state superintendent is not involved, a new district is not created, and the maximum tax rates of the annexing district are not changed. The annexation by one district of one or more of its neighboring districts involves the filing of a joint petition by the boards of the affected school districts with the regional board of school trustees and a public hearing by the regional board, followed by a decision by the regional board allowing the annexation. If approved, the annexation must go to referendum and pass in each affected district. In addition to petitioning the regional board by district board action, a majority of registered voters may submit petitions.

In 1989, Article 7 was amended to allow the voluntary dissolution of a small district. This amendment authorizes a district with a population of less than 5,000 to be dissolved upon petition by either the board of education or a majority of the voters to the regional board of school trustees. If the petition does not specify a district or districts to which the territory is to be annexed, the regional board "shall have no authority to deny dissolution." Its decision on annexation shall give "consideration to but not be bound by the wishes expressed by the residents of the various school districts that may be affected by such annexation."

Unit District Conversions

Under Article 11D, the School District Conversion Law, a single new high school district and new elementary districts based upon the boundaries of dissolved unit districts may be formed from either 1) two or more contiguous unit districts or 2) one or more unit districts and one or more high school districts, all of which are contiguous. This reorganization option guarantees residents of existing unit districts continued control over elementary school programs, while at the same time creating high school districts with larger enrollments.

The procedures for Article 11D reorganizations closely resemble those for consolidation. Among the requirements are 1) the petition can be filed either by the affected boards or voter signature; 2) the petition must set the maximum tax rates for all the proposed districts; 3) the petition must provide for the division of liabilities and assets (including any state deficit difference payment) among the proposed new districts; and 4) the proposal can be passed only if a majority of the voters in each affected district votes in favor of the proposition.

Additional Options: High School Deactivation and Cooperative High School Attendance Centers

Under Section 10-22.22b, a district can deactivate its high school facility and send its students in grades 9 through 12 to one or more other districts. Deactivation requires the approval of the board or boards of the receiving district or districts and of the majority of those voting upon the proposition in the sending district. Pursuant to a
a contractual agreement, the sending district pays to the receiving district for each student it sends an amount agreed upon by the two districts. Reactivation is allowed by vote of the people in the sending district.

Under Section 10-22.22c, two or more contiguous unit or high school districts, each with grades 9-12 enrollment of fewer than 600 students, may jointly operate one or more cooperative high schools if the voters in each district approve. Upon such approval the boards enter into an agreement for joint operation. A cooperative high school governing board made up of members of the cooperating school boards is established. The governing board prepares and recommends a budget for the cooperative high school that must be approved by each of the participating districts.

Further information on any of these options can be obtained by contacting the School Financial Management Services in the Finance Center, at 217/785-0583.

The Progress of School District Reorganization since 1980

There has been substantial progress in reorganization since 1980. In Fiscal Year 1980, there were 1,011 school districts. By Fiscal Year 2000, there were 896 school districts -- a reduction of 115 districts (11.4%). Most of this decline in the number of districts occurred in the last third of the 1980s and thus far in the 1990s.

The following table indicates the number of reorganizations that became effective under each reorganization option during five periods from Fiscal Year 1984 through Fiscal Year 2000.
Table 11

Summary of Reorganizations
Effective in Fiscal Years 1984 through 2000

<table>
<thead>
<tr>
<th>By Type of Reorganization</th>
<th>1984-86</th>
<th>1987-89</th>
<th>1990-92</th>
<th>1993-95</th>
<th>1996-00</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidation (Articles 11A and 11B)</td>
<td>6</td>
<td>8</td>
<td>12</td>
<td>8</td>
<td>6</td>
<td>40</td>
</tr>
<tr>
<td>Dissolution/Annexation (Article 7)</td>
<td>2</td>
<td>15</td>
<td>11</td>
<td>18</td>
<td>6</td>
<td>52</td>
</tr>
<tr>
<td>Conversion/Annexation (Article 7A)</td>
<td>N/A*</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>High School Deactivation (Sec. 10-22.22b)</td>
<td>N/A*</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Cooperative High School Attendance Center (Sec 10-22.22c)</td>
<td>N/A*</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Conversion/Dual District Formation (Article 11D)</td>
<td>N/A*</td>
<td>N/A*</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>8</td>
<td>27</td>
<td>26</td>
<td>28</td>
<td>13</td>
<td>102</td>
</tr>
</tbody>
</table>

Net Change in Operating School Districts by Type of District

<table>
<thead>
<tr>
<th></th>
<th>1984-86</th>
<th>1987-89</th>
<th>1990-92</th>
<th>1993-95</th>
<th>1996-00</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>-4</td>
<td>-11</td>
<td>-10</td>
<td>-13</td>
<td>-1</td>
<td>-39</td>
</tr>
<tr>
<td>Elementary</td>
<td>-4</td>
<td>-9</td>
<td>-13</td>
<td>-14</td>
<td>-11</td>
<td>-51</td>
</tr>
<tr>
<td>Secondary</td>
<td>-4</td>
<td>-7</td>
<td>-4</td>
<td>-2</td>
<td>-7</td>
<td>-24**</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>-12</td>
<td>-27</td>
<td>-27</td>
<td>-29</td>
<td>-19</td>
<td>-114</td>
</tr>
</tbody>
</table>

Average Annual Reduction in Number of School Districts

<table>
<thead>
<tr>
<th></th>
<th>1984-86</th>
<th>1987-89</th>
<th>1990-92</th>
<th>1993-95</th>
<th>1996-00</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-4</td>
<td>-9</td>
<td>-9</td>
<td>-10</td>
<td>-5</td>
<td>-7.1</td>
</tr>
</tbody>
</table>

* Not available as a reorganization option.
** Figure includes the deactivation of programs in one high school district with the effect of making the district non-operating but not dissolved.
Supplementary State Aid under Articles 18 and 11D

A major motivation for mergers during the 1980s was the authorization by the General Assembly in 1983 of three supplementary state aid payments to newly consolidated districts. This program of payments has been extended over the years to include other types of reorganizations. Except for high school deactivations and cooperative high school attendance centers, all the types of reorganization cited in this chapter qualify for these payments.

Although commonly called "incentive" payments, these three payments available to reorganized districts were designed to encourage mergers by eliminating or reducing certain fiscal disincentives that had inhibited mergers. Two payments are made annually for four years for:

- Any loss in General State Aid resulting from a merger; and
- The difference in teacher salaries among the merged districts.

A third program authorizes a one-time payment to cover deficits (as measured by negative fund balances) incurred by the districts prior to reorganization.

In contrast, a fourth "incentive" program authorized in 1989 and amended in 1994 simply provides additional funding. This program provides that "the sum of $4,000 for each certified employee who is employed . . . on a full-time basis for the regular term of any such school year" is paid for one, two or three years depending upon the district's rank in equalized assessed value per pupil (by quintile) and the district's rank in average daily attendance (by quintile). It also provides that if there are multiple reorganizations, only a single payment is made each year based on the most recent reorganization.

Payments received under any of these incentive programs can be used for any payments for which General State Aid can be used.

The following table shows that over $111 million has been paid through Fiscal Year 2000 under these laws. The General Assembly has appropriated sufficient money to pay all entitlements through Fiscal Year 2000.
### Table 12

**Reorganization Incentive Payments by Program and Fiscal Year**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Aid Difference</th>
<th>Teacher Salary Difference</th>
<th>Deficit Difference</th>
<th>Certified Employee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>$156,495</td>
<td>$190,844</td>
<td>$1,014,172</td>
<td>----</td>
<td>$1,361,511</td>
</tr>
<tr>
<td>1987</td>
<td>232,768</td>
<td>210,844</td>
<td>416,152</td>
<td>----</td>
<td>859,764</td>
</tr>
<tr>
<td>1988</td>
<td>437,203</td>
<td>692,442</td>
<td>638,149</td>
<td>----</td>
<td>1,767,794</td>
</tr>
<tr>
<td>1989</td>
<td>412,155</td>
<td>982,796</td>
<td>6,749,757</td>
<td>----</td>
<td>8,144,708</td>
</tr>
<tr>
<td>1990</td>
<td>590,703</td>
<td>1,585,917</td>
<td>7,354,721</td>
<td>----</td>
<td>9,531,341</td>
</tr>
<tr>
<td>1991</td>
<td>454,537</td>
<td>1,539,987</td>
<td>2,013,486</td>
<td>1,992,000</td>
<td>6,000,010</td>
</tr>
<tr>
<td>1992</td>
<td>453,051</td>
<td>1,078,223</td>
<td>1,256,726</td>
<td>3,212,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>1993</td>
<td>957,642</td>
<td>1,474,700</td>
<td>2,347,679</td>
<td>3,619,979</td>
<td>8,400,000</td>
</tr>
<tr>
<td>1994</td>
<td>786,647</td>
<td>1,496,166</td>
<td>2,412,166</td>
<td>12,974,021</td>
<td>17,669,000</td>
</tr>
<tr>
<td>1995</td>
<td>947,090</td>
<td>2,054,164</td>
<td>2,116,243</td>
<td>9,668,000</td>
<td>14,785,497</td>
</tr>
<tr>
<td>1996</td>
<td>450,384</td>
<td>1,770,768</td>
<td>616,444</td>
<td>11,238,000</td>
<td>14,075,596</td>
</tr>
<tr>
<td>1997</td>
<td>433,932</td>
<td>924,131</td>
<td>580,852</td>
<td>7,178,000</td>
<td>9,116,915</td>
</tr>
<tr>
<td>1998</td>
<td>152,800</td>
<td>910,987</td>
<td>37,117</td>
<td>4,940,000</td>
<td>6,040,904</td>
</tr>
<tr>
<td>1999</td>
<td>176,414</td>
<td>586,356</td>
<td>-0-</td>
<td>3,208,000</td>
<td>3,970,770</td>
</tr>
<tr>
<td>2000</td>
<td>38,136</td>
<td>694,072</td>
<td>-0-</td>
<td>2,876,000</td>
<td>3,608,208</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$6,679,957</strong></td>
<td><strong>$16,192,397</strong></td>
<td><strong>$27,553,664</strong></td>
<td><strong>$60,906,000</strong></td>
<td><strong>$111,332,018</strong></td>
</tr>
</tbody>
</table>
The General State Aid Difference Payment (Section 18-8(A)(5)(m) of the School Code).
Qualifying for this payment are new school districts formed by combining property within two or more previously existing districts under Article 11A or 11B and school districts that annex all of the territory of one or more other school districts under Article 7 or 7A. For consolidations, if the General State Aid is less for the newly consolidated district or districts in the first year than the General State Aid would have been that same year on the basis of the previously existing districts, a supplementary payment equal to the difference is made for the first four years to the new district or districts. For annexations, if the state aid is less for the annexing district or districts for the first year in which the annexation is effective than in that same year on the basis of the annexing and annexed districts as constituted prior to the annexation, then a supplementary payment equal to the difference is made for the first four years to the annexing district or districts. Also eligible for this payment are the new elementary districts and the new high school district formed under Article 11D if these new districts qualify for less state aid than would have been payable to the previously existing districts.

Teacher Salary Difference Payment (Section 18-8.2 of the School Code).
The state will make a supplementary payment for four years to new districts formed under Article 11A or 11B, equal to the difference between the sum of the salaries earned by each certified member of a new district or districts while employed in one of the previously existing districts and the sum of the salaries those certified members would have been paid if placed on the salary schedule of the previously existing district with the highest salary schedule. The salaries used in these calculations are those in effect in each of the previously existing districts on June 30 prior to the creation of the new district.

The state will make a supplementary payment for four years to districts that annex the territory of one or more school districts under Article 7 or 7A, equal to the difference between the sum of the salaries earned by each certified member of the district, as constituted after the annexation, and the sum of the salaries those certified members would have been paid if placed on the salary schedule of the annexing or annexed district with the highest salary schedule. The salaries used in these calculations are those in effect in the annexing and the annexed districts on June 30 prior to the effective date of the annexation.

The state will also make this supplementary payment to the newly formed high school district under Article 11D.

Deficit Difference Payment (Section 18-8.3 of the School Code).
Eligible for this payment are new school districts formed by combining property within two or more previously existing districts under Article 11A or 11B and school districts that annex all of the territory of one or more entire other districts under Article 7 or 7A. The payment is made once and is equal to the difference between the larger and smaller deficits. If more than two districts are involved, the payment is equal to the sum of the differences between the smallest deficit and each of the other deficits.

Based on the method set forth in Section 18-8.3, deficits are calculated by totaling the audited fund balances in the educational fund, the working cash fund, the operations and maintenance fund, and the transportation fund for each previously existing district or for each of the annexing and annexed districts, as the case may be. A district with a
positive combined fund balance will be considered to have a deficit of zero. The calculation is based on the year ending June 30th prior to the referendum for the creation of the new district, and for annexations under Article 7.

Section 18-8.3 of the School Code has been amended by Public Act 88-555 (House Bill 2638) to change the way in which incentive payments to new or certain annexing districts are calculated to make up for deficits. If expenditures in the categories (objects) of "purchased services," "supplies and materials," and "capital outlay" in the specified year are greater than the average expenditure for these purposes for the three years prior to the specified year, the incentive payment shall be reduced by the difference between those in the specified year and the three-year average.

New elementary and high school districts formed under Article 11D are also eligible for the deficit difference payment and the payment is allocated among these newly formed districts, as provided for in the petition for the formation of such districts.

**Supplementary State Aid for Certified Employees (Section 18-8.5 of the School Code).**

For each of the first one, two, or three school years after reorganization, a supplementary state aid reimbursement is paid to a reorganized district equal to the sum of $4,000 for each certified employee who is employed by the district on a full-time basis for the regular term of such a school year.

Reorganized districts qualifying for this payment are:

1) new school districts formed under Articles 11A and 11B;
2) new elementary districts formed under Article 7A;
3) one or more annexing districts following the annexation of all the territory of one or more entire school districts, but only if an annexing district acquires at least 30% of the **Average Daily Attendance** of the district(s) being annexed;
4) unit districts formed under Article 11A resulting from the division of a unit district or districts into two or more parts, all of which are included in the two or more unit districts resulting upon the division; and
5) new districts formed under Article 11D.

The State Board of Education makes a one-time calculation of a reorganized district's quintile rank. The average daily attendance used in this calculation is the best three months' average daily attendance for the district's first year. The **equalized assessed value** per pupil is the district's real property equalized assessed value used in calculating the district's first-year General State Aid claim divided by the best three months' average daily attendance.

No annexing or resulting school district is entitled to supplementary state aid under this Section unless such district acquires at least 30% of the average daily attendance of the district from which the territory is being detached or divided. If a district results from multiple reorganizations that would otherwise qualify the district for multiple payments under this Section in any year, the district receives a single payment only that year based solely on the most recent reorganization.
Budgeting, Levying, and Truth in Taxation

Section 17-1 of the School Code requires school districts to adopt an annual budget before or during the first quarter of each fiscal year. The district budget must specify the objects and purposes of expenditures and the revenues necessary to meet the anticipated expenses and liabilities of the district.

The budget and appropriations for school districts in cities with more than 500,000 inhabitants are governed by Sections 34-42 through 34-82 of the School Code.

Where educational services are provided under a joint agreement, the governing board, regional superintendent, or board of education responsible for joint agreement administration must adopt a budget by September 1 of the fiscal year. The adoption and content of the joint agreement budget follow requirements similar to those in Section 17-1 for school districts.

Vocational Education Regional Delivery Systems (Education for Employment Regional Delivery Systems) use the same budget forms and have the same adoption deadline requirements as do joint agreements.

All of the budgets referred to above must be entered (and adopted) on budget forms prepared and provided by the State Board of Education.

Budgets, at a minimum, must also contain a statement of the year’s beginning and ending cash and estimated cash receipts and disbursements for the budget year. Specific requirements as to the budget form are enumerated in state statutes and in guidelines provided by the State Board of Education.

Section 18-50 of the Property Tax Code (35 ILCS 200/18-50) requires the governing authority of each taxing district to file with the county clerk within 30 days of adoption certified copies of its appropriation and budget ordinances or resolutions, as well as an estimate, certified by its chief fiscal officer, of revenues, by source, anticipated to be received by the taxing district in the following fiscal year. If the governing authority fails to file the required documents, the county clerk has the authority, after giving timely notice of the failure to the taxing district, to refuse to extend the tax levy until the documents are so filed. A school district’s budget is considered to be its “appropriation ordinance.”

Each board of education makes an annual levy in terms of dollar amounts and certifies this levy to the respective county clerk(s). The county clerk is responsible for making extensions of taxes levied within the constraints of the school district tax rate limitations (See Table 13) and the Property Tax Extension Limitation Law. Receipt and transfer of these monies to the school district treasurer are normally accomplished through the office of the county treasurer.
Each school district is required to certify annually and return to the respective county clerk(s), on or before the last Tuesday in December, its certificate of tax levy.

The Truth in Taxation Act (35 ILCS 200/18-55 et seq. created by Public Act 82-102 effective July 29, 1981 and amended by Public Act 91-0523 effective January 1, 2000) affects all units of local government, including school districts, community colleges, and home-rule units, which are authorized to levy property taxes. The provisions of the act now make a distinction between taxing bodies with the power to levy taxes on territory in Cook County versus taxing bodies that have no taxable territory in Cook County for the period January 1, 2000 through December 31, 2002. Districts that do not have any taxable territory in Cook County are subject to the provisions of 35 ILCS 200/Art. 18, Div. 2. The provisions of Truth in Taxation Law applicable to school districts that have no taxable territory in Cook County follow.

At least 20 days prior to the adoption of its aggregate levy, the local board of education shall estimate the dollar amount of the aggregate levy for the current year exclusive of election costs. Any district proposing to increase its aggregate levy more than 105% of its prior year’s extension, exclusive of election costs, must publish a notice, as prescribed by law, in a newspaper of general local circulation.

If the taxing district is located entirely in one county, the notice is published in an English-language newspaper of general circulation published in the taxing district, or if there is no such newspaper, in an English-language newspaper of general circulation published in the county and having circulation in the taxing district.

If the taxing district is located primarily in one county but extends into smaller portions of adjoining counties, the notice is published in a newspaper of general circulation published in the taxing district, or if there is no such newspaper, in a newspaper of general circulation published in each county in which any part of the district is located.

If the taxing district includes all or a large portion of two or more counties, the notice is published in a newspaper of general circulation published in each county in which any part of the district is located.

The notice must be published no more than 14 days nor less than seven days prior to the date of the public hearing. The notice must be no less than one-eighth page in size, and the smallest type that can be used is 12 point. The notice must be enclosed in a black border no less than 1/4 inch wide. The notice cannot be placed in that portion of the newspaper where legal notices and classified advertisements appear. The notice is published in the following form:
Notice of Proposed Property Tax Increase for . . .
(commonly known name of taxing district).

I. A public hearing to approve a proposed property tax levy increase for
(legal name of the taxing district) for (year) will be held on
(date) at (time) at (location).

Any person desiring to appear at the public hearing and present
testimony to the taxing district may contact (name, title, address
and telephone number of an appropriate official).

II. The corporate and special purpose property taxes extended or abated for
(preceding year) were (dollar amount of the final aggregate
levy as extended plus the amount abated by the taxing district prior to
extension).

The proposed corporate and special purpose property taxes to be levied
for (current year) are (dollar amount of the proposed aggregate
levy). This represents a (percentage) increase over the previous
year.

III. The property taxes extended for debt service and public building
commission leases for (preceeding year) were (dollar
amount).

The estimated property taxes to be levied for debt service and public
building commission leases for (current year) are (dollar
amount). This represents a (percentage increase or decrease)
over the previous year.

IV. The total property taxes extended or abated for (preceeding year)
were (dollar amount).

The estimated total property taxes to be levied for (current year)
are (dollar amount). This represents a (percentage increase or
decrease) over the previous year.

A notice which includes any information not specified and required by the Truth
in Taxation Law is an invalid notice.

No levy of a taxing district can be invalidated for failure to comply with the
provisions of the Act if the failure is attributable to the newspaper's failure to
reproduce the information accurately or to publish the notice as directed by the
taxing district.

All hearings must be open to the public. The corporate authority of the taxing
district is to explain the reasons for the proposed increase and is required to
permit persons desiring to be heard an opportunity to present testimony within reasonable time limits.

**Definitions:**

- "Aggregate levy" means the annual corporate levy of the taxing district and those special purpose levies which are made annually (other than debt service levies and levies made for the purpose of paying amounts due under public building commission leases).

- "Special purpose levies" include, but are not limited to, levies made on an annual basis for contributions to pension plans, unemployment and workers' compensation, or self-insurance.

- "Debt service levies" are those levies made to retire the principal or pay interest on bonds or to make payments due under public building commission leases.

School districts must know which tax levies are included in each category.

- "Corporate levy" includes the levies for educational purposes and operations and maintenance purposes.

- "Special purpose levies" include all other levies except debt service levies.

- "Debt service levies" include levies for bond and interest purposes and for rent purposes (Rent: Section 35-23 of the School Code for payments to the Capital Development Board; Section 22-17 of the School Code and Section 18 of the Public Building Commission Act for payments to public building commissions).

If a public hearing must be held, it may not coincide with the hearing on the proposed budget of the taxing district. The hearing must be convened no more than 14 days nor less than seven days after the notice publication. If the final levy ordinance adopted is greater than 105% of the prior year's extension and is in excess of the amount shown in the published notice, a second published notice of the adoption action must be made in the form and manner provided in Section 18-85 of the Truth in Taxation Act within 15 days. No hearing needs to be held after this subsequent publication.

Publication of the notice of the adoption of such levy must be in the following form:
Notice of Adopted Property Tax Increase for . . .
(commonly known name of taxing district).

I. The corporate and special purpose property taxes extended or
abated for ___(preceding year)___ were ___(dollar amount of the
final aggregate levy as extended plus the amount abated prior to
extension)____.

The adopted corporate and special purpose property taxes to
be levied for ___(current year)___ are ___(dollar amount of the
proposed aggregate levy)____. This represents a ___(percentage
increase or decrease)____ over the previous year.

II. The property taxes extended for debt service and public
building commission leases for ___(preceding year)___ were
___(dollar amount)____.

The estimated property taxes to be levied for debt service
and public building commission leases for ___(current
year)___ are ___(dollar amount)____. This represents
a ___(percentage increase or decrease)____ over the previous
year.

III. The total property taxes extended or abated for
___(preceding year)___ were ___(dollar amount)____.

The estimated total property taxes to be levied for
___(current year)___ are ___(dollar amount)____. This
represents a ___(percentage increase or decrease)____
over the previous year.

The levy filed with the county clerk may
not request extension of an aggregate
levy in an amount greater than 105% of
the prior year's extension unless the
levy ordinance meets the Truth in
Taxation Act requirement. The school
board must file a certification by the
presiding officer of the board stating that
the provisions of the Truth in Taxation
Act have been met or are inapplicable.

New school districts formed by
consolidating previously existing districts
are not bound by the provisions of this
Act the first time they levy taxes. The
terms of the Act cannot apply unless a
district made a levy for the preceding
year. If a school district annexes one or
more districts, the Act does apply
because the annexing district made a
tax levy the preceding year.

Districts that have the power to levy
taxes on territory in Cook County are
subject to the provisions of 35 ILCS
200/Art. 18, Div. 2.1, COOK COUNTY
TRUTH IN TAXATION LAW, from
January 1, 2000 through December
31, 2002.
The following provisions of the Cook County Truth in Taxation Law will be repealed January 1, 2003. The definitions used in Division 2.1 follow (35 ILCS 200/18-101.1).

- "Aggregate levy" or "levy" means the annual corporate levy of the taxing district and those special purpose levies which are made annually (other than debt service levies and levies made for the purpose of paying amounts due under public building commission leases).
- "Debt service" means levies made by a taxing district pursuant to home rule authority, statute, referendum, ordinance, resolution, indenture, agreement, or contract to retire the principal or pay interest on bonds, notes, debentures, or other financial instruments that evidence indebtedness.
- "Special purpose levies" include, but are not limited to, levies made on an annual basis for contributions to pension plans, unemployment and workers' compensation, or self-insurance.
- "Taxing district" means any unit of local government, including a home rule unit, school district, or community college district with the power to levy taxes on territory in Cook County.

The legislative purpose of this Division 2.1 (35 ILCS 200/18-101.10) is to require taxing districts to disclose by publication and to hold a public hearing on their intention to adopt an aggregate levy.

Not less than 30 days before the adoption of its aggregate levy, the corporate authority of each taxing district shall determine the amounts of money, exclusive of any portion of that levy attributable to the cost of conducting an election required by the Election Code ("election costs"), estimated to be necessary to be raised by taxation for that year upon the taxable property in its taxing district (35 ILCS 200/18-101.15).

Until the taxing district has complied with the notice and hearing provisions of this Division 2.1, no taxing district shall levy an amount of ad valorem tax that is more than the amount, exclusive of election costs, that has been extended or is estimated will be extended, plus any amount abated by the taxing district before extension, upon the final aggregate levy of the preceding year (35 ILCS 200/18-101.20).

Upon making the estimate as provided in Section 18-101.15, the corporate authority shall hold a hearing on its intent to adopt an aggregate levy. Except as otherwise provided in this Section, hearings shall be held according to the following schedule.

1) First Monday in December: Park districts and municipalities.
2) First Tuesday in December: Townships, road districts, and all school districts except high school districts.
3) First Wednesday in December: High school districts and libraries.
4) First Thursday in December: Counties and forest preserve districts.
5) First Friday in December: All other taxing districts.

All hearings shall be open to the public. The corporate authority of the taxing district shall explain the reasons for the levy and any proposed increase and shall permit persons desiring to be heard an opportunity to present testimony within such reasonable time limits as it shall determine. The hearing shall not coincide with the hearing on the proposed budget. The corporate authority may, however, conduct any
other business of the taxing district on the same day. Failure of a taxing district to convene or complete a public hearing on the day prescribed in this Section due to good cause unrelated to inadvertence, including, but not limited to, physical perils such as natural disasters or acts of God, shall not constitute a failure to hold a public hearing under this Division 2.1. In this event, a taxing district may either hold a separate public hearing on its proposed tax levy, or place the hearing on its proposed tax levy on the agenda of the taxing district's next scheduled meeting. In either case, a taxing district shall give notice of the hearing pursuant to Sections 2.02, 2.03, and 2.04 of the Open Meetings Act.

For the purpose of permitting the issuance of warrants or notes in anticipation of the taxes to be levied, a taxing district may hold (on any date prior to the first week in December) a hearing on its intent to adopt an aggregate levy. If the estimate of the aggregate levy is more than the amount extended or estimated to be extended, plus any amount abated by the corporate authority prior to the extension, upon the final aggregate levy of the preceding year, exclusive of election costs, notice of this hearing shall be given in the same manner as provided in this Division 2.1. This earlier hearing shall be in addition to, and not instead of, the mandatory December hearing, but may be conducted in conjunction with a regular meeting of the taxing district.

Any taxing district with a fiscal year beginning on December 1, for which the hearing day requirement of this Section would conflict with the adoption of its tax levy and annual appropriation ordinance, may hold a public hearing on its proposed tax levy prior to and instead of the day prescribed in this Section. This public hearing shall be restricted to the proposed tax levy, and no other business of the taxing district shall be discussed or transacted. Notice of the hearing shall be given as provided in Section 18-101.35 of this Division 2.1 (35 ILCS 200/18-101.25).

If the taxing district is located entirely in one county, the notice shall be published in an English language newspaper of general circulation published in the taxing district, or if there is no such newspaper, in an English language newspaper of general circulation published in the county and having circulation in the taxing district. If the taxing district is located primarily in one county but extends into smaller portions of adjoining counties, the notice shall be published in a newspaper of general circulation published in the taxing district, or if there is no such newspaper, in a newspaper of general circulation published in each county in which any part of the district is located. If the taxing district includes all or a large portion of 2 or more counties, the notice shall be published in a newspaper of general circulation published in each county in which any part of the district is located (35 ILCS 200/18-101.30).

The notice shall appear not more than 14 days nor less than 7 days before the date of the public hearing. The notice shall be no less than one-eighth page in size, and the smallest type used shall be 12 point and shall be enclosed in a black border no less than one-quarter inch wide. The notice shall not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The notice shall be published in the following form:
Notice of Proposed Property Tax Levy for . . .
(commonly known name of taxing district)

I. A public hearing to approve a proposed property tax levy for ____(legal
name of the taxing district)____ for ____(year)____ will be held on ____(date)___ at ____(time)____ at ____(location)____.

Any person desiring to appear at the public hearing and present testimony to the taxing district may contact ____(name, title, address and telephone number of an appropriate official)____.

II. The corporate and special purpose property taxes extended or abated for ____(preceding year)____ were ____(dollar amount of the final aggregate levy as extended, plus the amount abated by the taxing district prior to the extension)____.

The proposed corporate and special purposes property taxes to be levied for ____(current year)____ are ____(dollar amount of proposed aggregate levy)____. This represents a ____(percentage increase or decrease)____ over the previous year.

III. The property taxes extended for debt service and public building commission leases for ____(preceding year)____ were ____(dollar amount)____.

The estimated property taxes to be levied for debt service and public building commission leases for ____(current year)____ are ____(dollar amount)____. This represents a ____(percentage increase or decrease)____ over the previous year.

IV. The total property taxes extended or abated for ____(preceding year)____ were ____(dollar amount)____.

The estimated total property taxes to be levied for ____(current year)____ are ____(dollar amount)____. This represents a ____(percentage increase or decrease)____ over the previous year.
Any notice which includes any information not specified and required by this Article shall be an invalid notice.

All hearings shall be open to the public. The corporate authority of the taxing district must explain the reasons for the proposed levy and shall permit persons desiring to be heard and opportunity to present testimony within reasonable time limits as the authority determines (35 ILCS 200/18-101.35).

If the final aggregate tax levy resolution or ordinance adopted is in excess of the amount of the proposed levy stated in the notice published under Section 18-101.35, the corporate authority shall give public notice of its action within 15 days of the adoption of the levy in the following form (35 ILCS 200/18-101.40):

Notice of Adopted Property Tax Increase for …
(commonly known name of taxing district)

I. The corporate and special purpose property taxes extended or abated for ____ (preceding year) were ____ (dollar amount of the final aggregate levy as extended). The adopted corporate and special purpose property taxes to be levied for ____ (current year) are ____ (dollar amount of the proposed aggregate levy). This represents a ____ (percentage increase or decrease) over the previous year.

II. The property taxes extended for debt service and public building commission leases for ____ (preceding year) were ____ (dollar amount). The estimated property taxes to be levied for debt service and public building commission leases for ____ (current year) are ____ (dollar amount). This represents a ____ (percentage increase or decrease) over the previous year.

III. The total property taxes extended or abated for ____ (preceding year) were ____ (dollar amount). The estimated total property taxes to be levied for ____ (current year) are ____ (dollar amount). This represents a ____ (percentage increase or decrease) over the previous year.

The tax levy resolution or ordinance approved in the manner provided for in this Division 2.1 shall be filed with the county clerk in the manner and at the time otherwise provided by law. No amount upon the final aggregate levy of the preceding year shall be extended unless the tax levy ordinance or resolution is accompanied by a certification by the presiding officer of the corporate authority certifying compliance with or inapplicability of the provisions of this Division 2.1 (35 ILCS 200/18-101.45).
Nothing contained in this Division 2.1 shall serve to extend or authorize any tax rate in excess of the maximum permitted by law nor prevent the reduction of any tax rate (35 ILCS 200/18-101.50).

A levy of a taxing district shall not be invalidated for failure to comply with the provisions of this Division 2.1 if the failure is attributable to the newspaper’s failure to reproduce the information in the notice accurately or to publish the notice as directed by the taxing district (35 ILCS 200/18-101.55).

A county clerk shall not extend a tax levy imposed by a taxing district, other than a home rule unit, based on a rate that exceeds the rate authorized by statute or referendum for that taxing district. If a taxing district is in violation of Section 18-101.45, the county clerk shall not extend the final aggregate levy in an amount more than the aggregate levy extended for the preceding year (35 ILCS 200/18-101.60).

This Division 2.1 is repealed January 1, 2003 (35 ILCS 200/18-101.65).

The State Mandates Act is amended by adding Section 8.23 as follows: (30 ILCS 805/8.23 new) Sec. 8.23. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 91st General Assembly.

Tax Rate Limitations

Tax rates for school districts are related to specific purposes. School districts in Illinois are subject to various limitations in property tax rates for each purpose. State law limits tax rates for most major purposes to both a permissive level and a maximum level. The permissive level is the rate allowed without referendum approval of the voters of a district. The maximum rate is the limit allowed with referendum approval.

The following table shows school district tax-rate limitations in effect for the 1999-2000 school year.
### Table 13

**Tax-Rate Limitations in Effect for the 1999-2000 School Year**  
**School District Tax Rate Limitations**  
*(Chicago School District Number 299 not included)*

<table>
<thead>
<tr>
<th>Purpose</th>
<th>District Type</th>
<th>Percent Without Referendum</th>
<th>Percent With Referendum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Educational</strong></td>
<td>Elementary</td>
<td>0.92&lt;sup&gt;b&lt;/sup&gt;</td>
<td>3.50</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>0.92&lt;sup&gt;b&lt;/sup&gt;</td>
<td>3.50</td>
</tr>
<tr>
<td></td>
<td>Unit</td>
<td>1.84&lt;sup&gt;b&lt;/sup&gt;</td>
<td>4.00&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Operations and Maintenance</strong></td>
<td>Elementary</td>
<td>0.25&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.55</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>0.25&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.55</td>
</tr>
<tr>
<td></td>
<td>Unit</td>
<td>0.50&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.75&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Capital Improvements</strong></td>
<td>All</td>
<td>N/A</td>
<td>0.75&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>Elementary</td>
<td>0.12&lt;sup&gt;e&lt;/sup&gt;</td>
<td>As Needed&lt;sup&gt;f&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>0.12</td>
<td>As Needed&lt;sup&gt;f&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Unit</td>
<td>0.20</td>
<td>As Needed&lt;sup&gt;f&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Summer School</strong></td>
<td>All</td>
<td>N/A</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Bond and Interest</strong></td>
<td>All</td>
<td>N/A</td>
<td>As Needed</td>
</tr>
<tr>
<td><strong>Rent</strong></td>
<td>All</td>
<td>N/A</td>
<td>As Needed</td>
</tr>
<tr>
<td><strong>Municipal Retirement/ Social Security</strong></td>
<td>All</td>
<td>As Needed&lt;sup&gt;g&lt;/sup&gt;</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Tort Immunity</strong>&lt;sup&gt;i&lt;/sup&gt;</td>
<td>All</td>
<td>As Needed&lt;sup&gt;g&lt;/sup&gt;</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Health Insurance</strong></td>
<td>All</td>
<td>N/A</td>
<td>As Needed</td>
</tr>
<tr>
<td><strong>Working Cash</strong></td>
<td>All</td>
<td>0.05</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Fire Prevention, Safety, Energy Conservation, and School Security</strong></td>
<td>All</td>
<td>0.05</td>
<td>0.10</td>
</tr>
<tr>
<td><strong>Special Education</strong></td>
<td>Elementary</td>
<td>0.02</td>
<td>0.40</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>0.02</td>
<td>0.40</td>
</tr>
<tr>
<td></td>
<td>Unit</td>
<td>0.04</td>
<td>0.80</td>
</tr>
<tr>
<td><strong>Area Vocational Education</strong></td>
<td>Secondary</td>
<td>N/A</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>Unit</td>
<td>N/A</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Tort Judgment Bonds</strong></td>
<td>All</td>
<td>As Needed&lt;sup&gt;g&lt;/sup&gt;</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Leasing</strong>&lt;sup&gt;j&lt;/sup&gt;</td>
<td>All</td>
<td>0.05</td>
<td>0.10</td>
</tr>
<tr>
<td><strong>Temporary Relocation</strong></td>
<td>All Eligible</td>
<td>0.05</td>
<td>N/A</td>
</tr>
</tbody>
</table>

---

<sup>a</sup> These limitations apply to the 1999 tax levies for taxes extended and collected during calendar year 2000. N/A means not applicable.

<sup>b</sup> Subject to possible backdoor referendum (Section 17-2.2 of the School Code).

<sup>c</sup> Coterminal dual districts forming a unit district may have a maximum rate of 6.0% for educational, and 1.1% for operations and maintenance purposes (Sections 17-3 and 17-5 of the School Code).

<sup>d</sup> For a maximum period of six years.
Certain elementary school districts that meet the requirements of PA 86-128 may levy at a rate not to exceed 0.2%, subject to the backdoor referendum provisions of Section 17-2.2 of the School Code.

Section 17-4 places no maximum on the tax rate, if voter approved.

In making a determination, the school district must take into consideration district receipts of Corporate Personal Property Replacement funds. This requirement does not apply to levies for Medicare Only purposes.

Separate levies are required for Municipal Retirement purposes and for Social Security/Medicare Only purposes.

The Tort Immunity Act includes liabilities under the Unemployment Insurance Act and the Workers’ Compensation and Occupational Diseases Acts.

Section 17-2.2c of the School Code expands the use of this levy to include leasing of computer technology or to secure the payment of any lease, lease-purchase agreement, or installment purchase agreement for computer technology.

Eligible school districts may levy to repay the state for temporary relocation expenses for a period not to exceed seven years (Section 17-2.2c of the School Code).

House Bill 532, Public Act 88-376 amended Section 17-3 of the School Code effective January 1, 1994. In addition to authorizing school districts to increase their educational purposes tax rate by front-door referendum for an unlimited period of time, this Act authorizes school districts to seek such a voter-approved increase for a limited period of not less than three nor more than ten years.

With the 1985 enactment of an amended Section 9-107 of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/9-107), school districts may now include as allowable expenditures from the tort immunity levy the cost of risk-management (loss-prevention) programs. Risk management refers to planning and purchasing specialized prevention measures and insurance coverages for a wide variety of a school district’s responsibilities. It includes identifying, measuring, and implementing processes for dealing with potential losses of property and injury to persons and their property.

The bill allows, under risk management, the hiring of consultants to review the physical plant and property of a school district to determine the existence of potential hazards that might result in workers’ compensation claims or lawsuits against the school district. It also includes the hiring of consultants to review a school district’s insurance coverage to make sure all necessary coverages are included in reasonable amounts. Risk management does not necessarily include payments of insurance premiums.

Property insurance means insurance protecting the district against loss or damage to its own property--buildings, building fixtures, personal property, and motor vehicles. Section 17-7 of the School Code states that “any sum expended for the payment of all premiums for insurance upon school buildings and school building fixtures (i.e., items of personal property permanently affixed to a building) shall be paid from the tax levied for operations and maintenance purposes.” Expenditures for other types of property insurance are payable from either the
educational fund or the transportation fund (Sections 17-7 and 17-8, the School Code).

Senate Bill 948 (Public Act 89-150), effective July 14, 1995, amended the Local Governmental and Governmental Employees Tort Immunity Act to explicitly permit a local entity that is individually self-insured to establish reserves for expected liabilities or losses for which the entity is authorized to purchase insurance under the Act. It establishes an actuarial standard for the creation of such reserves and more clearly enumerates the costs a public entity may pay in protecting itself against liability. Most significantly, it requires that interest earnings on funds raised pursuant to Section 9-107 of said Act may be used only for the enumerated insurance and liability protection purposes under the Act, or, if surplus, only for the abatement of property taxes levied by the local taxing entity.

Additional tax rate limitations were imposed by Public Act 87-17 (Senate Bill 1378). Public Act 89-1 (House Bill 200) extended the limitations to all non-home rule taxing districts in Cook County. This summary, with a few exceptions, is limited to the effects of this Act on school districts.

**Property Tax Extension Limitation Law**

The Property Tax Extension Limitation Law, commonly referred to as "Tax Caps", limits the increase in property tax extensions in certain counties to 5% or the percent increase in the national Consumer Price Index (CPI), whichever is less. The Act first applied to the 1991 levy year for taxes payable in 1992 for taxing districts in the counties contiguous to Cook County; for taxing districts in Cook County, the Act first applied to the 1994 levy year for taxes payable in 1995. Senate Bill 1511, Public Act 89-150, effective July 11, 1996, indirectly extends the provisions of the Property Tax Extension Limitation Law (PTELL) to the remaining 96 counties. The county board of a county not subject to the PTELL is allowed (not mandated) to submit to the county's voters the question of whether all non-home-rule taxing districts in the county shall be subject to the PTELL. Such referenda may be held at any regularly scheduled election except a consolidated primary election. Eighteen counties received voter approval of the question on the ballot on November 5, 1996 (Boone, Champaign, Christian, Franklin, Jackson, Kankakee, Lee, Logan, Macoupin, Menard, Monroe, Morgan, Randolph, Sangamon, Schuyler, Union, Williamson, and Winnebago). Two counties had the question approved on the April 1, 1997, ballot (McDonough and Stephenson); two counties had the question approved on the November 4, 1997, ballot (JoDaviess and Kendall). One county (Tazewell) had the question approved on the March 17, 1998 ballot. Three counties had the question approved on the November 1998 ballot (Jefferson, Marion, and Washington). Two counties had the question approved on the April 1999 ballot (DeKalb and Livingston). No county voted on the PTELL referendum on the March 2000 ballot. Increases above 5% or the percent increase in the CPI must be approved by the voters in a referendum.

The Consumer Price Index used in the Law is the Consumer Price Index for All Urban Consumers (CPI-U) for all items published by the United States Department of Labor. If the percentage increase during the 12-month calendar year preceding the levy year is more than 5%, then the limitation is 5%; otherwise, it is the rate of increase of the CPI-U. For the 1997 levy year, the limitation was 3.3%; for the 1998 levy
year, the limitation is 1.7%; and for the 1999 levy year, the limitation is 1.6%.

This Law imposed a mandatory property tax limitation on taxing districts located entirely in Cook County and counties contiguous to Cook County: DuPage, Kane, Lake, McHenry and Will counties (collar counties). Levies for tort immunity, fire prevention and safety, and pension purposes are among those subject to the limitations.

When the county clerk compares the calculated aggregate tax rate (based on the amounts levied by the school district) to the limiting rate and determines that the calculated aggregate rate is greater than the limiting rate, the county clerk will reduce each rate by the same percentage unless the school district has specified that a particular rate (or rates) is (are) to be extended at their maximum levels. In that case, all other rates will be further reduced so that the aggregate extended rate does not exceed the limiting rate.

Taxing districts that overlap into other counties are included in the mandatory provisions of this Law only if a majority of the equalized assessed valuation (EAV) for the 1990 levy year was in the collar counties. If a majority of the 1990 EAV was in counties bordering on the west or south of the collar counties, the limitation provisions do not apply to the district unless the provisions of Public Act 89-150 become applicable.

If taxing districts have all of their EAV in one county and the voters approve the proposition, the PTELL becomes applicable to these districts January 1 of the year following the referendum.

If taxing districts have their EAV in two or more counties a referendum must be held in each county in which the EAV of the district is located. If a majority of the EAV of the taxing district is located in one or more counties that have had a successful referendum, the PTELL becomes applicable to that district January 1 of the year following the last year a referendum was held in a county in which the taxing district has any EAV.

For example, in counties that had successful referenda on November 5, 1996, the provisions of the PTELL became effective on January 1, 1997. The first taxes subject to the limitation will be levied in 1997. Taxes levied in 1996 (extended, collected and distributed in 1997) will not be affected by the PTELL, but the 1996 extensions will provide the base for calculating the 1997 limitations. In counties that had successful referenda on April 1 or November 4, 1997, the provisions of the PTELL will become effective on January 1, 1998; in counties that had successful referenda on March 17, 1998 (or do have successful referenda on November 3, 1998), the provisions of the PTELL will become effective on January 1, 1999; in counties that had successful referenda in April 1999, the provisions of the PTELL will become effective on January 1, 2000.

Home-rule taxing districts are not affected by the Law.

The following types of debt obligations are excluded from the limitation if separate levies are made for each of them:

1) General obligation bonds approved by referendum;
2) General obligation bonds issued prior to the effective date of the Law (October 1, 1991, in the collar counties; March 1, 1995, in Cook County; the date of the referendum that made the district subject to the Law in all other counties);
3) Bonds issued to refund or continue to refund those bonds issued prior to October 1, 1991, in the collar counties.
counties or March 1, 1995, in Cook County, or prior to the date of the referendum that made the district subject to the Law in all other counties; or approved by referendum;

4) Revenue bonds issued prior to October 1, 1991, in the collar counties or March 1, 1995, in Cook County or prior to the date of the referendum in all other counties that are backed by a property tax levy or the full faith and credit of the local unit of government (such an exemption is allowed only after all other sources are deemed insufficient to make the payment);

5) Building Commission lease bonds issued prior to the effective dates of the Law;

6) Installment contracts entered into before the effective dates of the Law;

7) Bonds issued under the Metropolitan Water Reclamation District Act to finance construction projects initiated prior to the effective dates of the Law; and

8) Limited bonds, to the extent the principal and interest payments do not exceed the district’s debt service extension base less certain offsetting amounts.

Items 6) and 7) above do not apply to school districts.

Bonds issued on or after October 1, 1991, in the collar counties or March 1, 1995, in Cook County, or the date of the referendum in all other counties are not excluded from the limitation provisions unless they are approved by voter referendum or can be issued as “limited bonds.”

1) If no referendum is required by the statute authorizing the bonds or other obligations, or if they are subject to backdoor referendum, the governing body of the taxing district may pass an ordinance or resolution to put the question to the voters under Section 18-190 of the Property Tax Extension Limitation Law. If the question is approved by the voters, the bonds may be issued and are excluded from the limitation. If the question is turned down by the voters, the bonds may not be issued.

2) If a backdoor referendum has been called, the election held, and the issue approved by the voters, the bonds are excluded from the limitation.

3) Non-referendum bonds (Working Cash, Funding, Fire Prevention and Safety, Tort Judgment, and Insurance Reserve Bonds) may be issued as “limited bonds.” The limited amount of the tax that can be extended to make principal and interest payments on such bonds is determined by each district’s debt service extension base (DSEB). For school districts in Cook and the collar counties, the DSEB is the 1994 levy-year extension (extended in 1995) to make principal and interest payments on non-referendum bonds. For all other school districts, the DSEB is the amount of taxes for the year in which the referendum is held which make the district subject to the law (extended, collected and distributed in the following year.

A taxing district, subject to the limitation provisions, may submit a question to the voters requesting a greater percentage increase in the extension than the lesser of 5% or the CPI-U increase. The referendum must be held at a regularly scheduled election in accordance with the election code and before the levy date. If approved by a majority of voters voting on the issue, the higher extension limitation shall be in effect for one levy year only.
Referenda held pursuant to this Act are exempt from the requirement that taxing districts may have only three referenda on a ballot.

**Adjustments to the Limitation**

1) **Taxing districts** will get an increase over the limitation proportional to the amount of new property added to the tax base as well as any annexations to the tax base.

2) If voters have approved a rate increase that is first effective in the levy year, the extension may be increased proportionally for that levy year and for the next four levy years.

3) If voters had approved a rate increase for a fund after December 31, 1988, and the taxing district did not increase its rate to the new maximum rate, a proportional increase is allowed for each of the four years after the levy year the increase is first effective.

4) If a taxing district had a decreased aggregate extension the previous year from the year before that, the limitation amount is based on the highest aggregate extension in any of the last three preceding levy years. For example, in extending taxes for 1998, assume the following extensions for the three prior years:

   - 1997: $600,000
   - 1996: $750,000
   - 1995: $720,000

In this example the extension was reduced in 1997, the year prior to the levy year from the year before, 1996. Thus, the district's base becomes the highest of the extensions for the three previous years: 1995, 1996, and 1997. The base is $750,000 for this taxing district.

**Prior-Year Equalized Assessed Value**

The prior-year equalized assessed value provision of the Law, which applies only to Cook County, began with the 1992 levy year for tax bills payable in 1993. The provision continues for all subsequent years. This provision was not deleted by Public Act 89-1.

All taxing districts in Cook County are affected. All taxing districts overlapping into Cook County are affected, but only for the Cook County portion of the district.

The county clerk will first use the prior-year equalized assessed value of the Cook County portion of the property to compute the taxing district's extension amount. This means the most that can be raised for a fund is the maximum tax rate for that fund times the prior-year EAV for all property currently in the district. For overlapping taxing districts, the prior-year EAV will be used for the Cook County portion of the district and the current-year EAV for the rest of the district.

After computing the maximum extension using prior-year equalized assessed value, the county clerk must calculate the maximum extension against the current year EAV and then by the formula, which includes the increase of 5% or the percentage increase in the CPI-U, if less. The calculation that results in a lower extension is used. Senate Bill 715 (Public Act 90-320), effective August 1, 1997, provides that beginning January 1, 1998, and thereafter, the equalized assessed value of all property for the computation of the amount to be extended by taxing districts in Cook County shall be the sum of a) the EAV of such property for the year immediately preceding the levy year; b) the EAV of any property that qualifies as new property or annexed
property in the current year; and c) the recovered tax increment value for the current year, less the EAV of any property that qualifies as disconnected property during the current year.

The taxes will be spread against the current-year EAV for the entire district. By spreading the tax burden against the current-year EAV, new property bears its fair share of the tax burden. Property deleted from the tax rolls will not get a tax bill, and corrections to EAV by the Board of Appeals or the County Assessor will be made before the tax burden is spread.

**Interfund Transfers/Working Cash Fund**

Under the fund accounting required of school districts, the revenues and assets of a given fund are restricted to the purposes of that fund. Under specific circumstances and conditions, monies may be transferred from one fund to another. This section outlines monies permissible for interfund transfers. Transfers require the specific authorization of the local board of education.

**Permanent Transfers among Operating Funds**

Pursuant to Section 17-2A of the School Code, the school board of any district having a population of less than 500,000 inhabitants may, by proper resolution following a public hearing (that is preceded by at least one published notice occurring at least seven days prior to the hearing in a newspaper of general circulation within the school district and setting forth the time, date, place, and subject matter of the hearing), transfer from (1) the Educational Fund to the Operations and Maintenance Fund or the Transportation Fund; (2) the Operations and Maintenance Fund to the Educational Fund or the Transportation Fund; or (3) the Transportation Fund to the Educational Fund or the Operations and Maintenance Fund of said district an amount of money not to exceed 20% of the tax actually received in the fund for the year previous to the transfer, provided such transfer is made solely for the purpose of meeting one-time, nonrecurring expenses.

**Transfer of Interest Earned**

Section 10-22.44 of the School Code delineates the general conditions that apply to the interest earned in a fund. Unless prohibited, school boards are permitted to transfer interest earned on the monies in any fund of the district to the respective fund of the district that is most in need of such interest income, as determined by the school board. The transfer is permissible unless the interest earned has been previously earmarked or restricted by the board for a designated purpose.

The law prohibits the transfer of interest earned on monies in the funds for Illinois Municipal Retirement; Tort Immunity; Fire Prevention, Safety, Energy Conservation and School Security; and Capital Improvements purposes. Special provisions apply to the transfer of interest from the Working Cash Fund. (See Working Cash Fund Interest.)

Senate Bill 1652, Public Act 87-984 amended Section 10-22.44, effective January 1, 1993. It added the following language to Section 10-22.44:

> Interest earned on these exempted funds shall be used only for the purposes authorized for the respective exempted funds from which the interest earnings were derived.

> Interest earnings on federal funds are restricted to the purpose(s) for which the funds are received.
**Excess Bond and Interest Fund Monies**

Until 1986, the transfer of excess Bond and Interest Fund monies was governed by Section 19-4 of the School Code. Previously, excess funds on hand in the bond and interest account (fund) were required to be transferred to the district fund bearing the nearest relation to the purpose for which the bonds were issued (under the authority in Sections 19-2 through 19-6 of the School Code).

Legislation enacted in 1986 eliminated the authorization for transferring monies left in a bond and interest account (fund) when all bonds have been redeemed and all interest payments made. If monies remain in a bond and interest account (fund) and these monies are attributable to earnings on investments, the provisions of Section 10-22.44 of the School Code are applicable. Under these provisions these excess monies may be transferred to the district fund that is most in need of such interest income, as determined by the school board.

If monies remain in a bond and interest account (fund) and these monies are attributable to excess tax proceeds (taxes levied to pay interest on and redeem principal of bonds), there is no authorization to use those monies for any purpose. A district might consider transferring such excess tax proceeds to another bond and interest account (fund) and abating an equal amount of the taxes that will otherwise be levied for that purpose.

**Bond Premium Treatment**

Pursuant to Section 10-22.14 of the School Code, school districts shall exercise an option with regard to bond premiums. When proceeds from the sale of bonds include a premium, the board shall determine by resolution whether the premium realized in the sale of bonds is to be used for the purposes for which the bonds were issued, or instead, for payment of the principal and interest on those bonds.

**Treatment of Interest Earned on the Investment of Bond Proceeds**

When proceeds from the sale of bonds issued for fire prevention, safety, energy conservation, handicapped accessibility, school security and specified repair purposes, as specified in Section 17-2.11 of the School Code, are invested as authorized by law, the board shall determine by resolution whether the interest on the investment of such bond proceeds is to be used for the purposes for which the bonds were issued or for payment of the principal indebtedness and interest on those bonds. When any such transfer is made to the Bond and Interest Fund, the secretary of the school board shall notify the county clerk(s) within 30 days of the amount of the transfer and direct the county clerk(s) to abate the taxes to be extended to make principal and interest payments on those bonds by an amount equal to the transfer (Section 10-22.14 of the School Code as amended by Public Act 87-984, effective January 1, 1993). When bonds are issued for any other purpose and the proceeds are invested as authorized by law, the interest earned on such investments may be transferred in accordance with the provisions of Section 10-22.44 of the School Code.

**Treatment of Excess Bond Proceeds**

When bonds other than bonds issued for fire prevention, safety, energy conservation, disabled accessibility, school security and specified repair purposes are issued by any school district and the purposes for which the bonds have been issued are accomplished and paid for in full, excess proceeds of the bonds may be transferred by board resolution to the Operations and Maintenance Fund.
When bonds are issued by any school district for fire prevention, safety, energy conservation, disabled accessibility, school security, and specified repair purposes, as specified in Section 17-2.11, and the purposes for which the bonds have been issued are accomplished and paid for in full, the board, by resolution, shall use any excess funds for:

- other authorized fire prevention, safety, energy conservation, disabled accessibility, school security, and specified repair purposes as specified in Section 17-2.11 or
- payment of principal and interest on those bonds through transfer to the Bond and Interest Fund.

If any transfer is made to the Bond and Interest Fund, the secretary of the school board shall notify the county clerk(s) within 30 days of the amount of that transfer and direct the county clerk(s) to abate the taxes to be extended for the purposes of principal and interest payments on the respective bonds issued under Section 17-2.11 by an amount equal to such transfer (Section 10-22.14 of the School Code as amended by Public Act 87-984, effective January 1, 1993).

Section 34-29.3 of the School Code deals with excess funds on bonds issued by Chicago School District 299 under Sections 34-22 through 34-22.7. When the purposes for which the bonds have been issued are accomplished and paid for in full, excess funds may be transferred by board resolution to the Working Cash Fund.

**Transfer of Excess Fire Prevention and Safety Tax Proceeds**

When taxes are levied by any school district for fire prevention, safety, energy conservation, disabled accessibility, school security, and specified repair purposes as specified in Section 17-2.11 of the School Code and the purposes for which the taxes have been levied are accomplished and paid in full and there remain funds on hand in the Fire Prevention and Safety Fund from the proceeds of the taxes levied, including interest earnings thereon, the school board by resolution shall use such excess and other board-restricted funds excluding bond proceeds and earnings from such proceeds (1) for other authorized fire prevention, safety, energy conservation, disabled accessibility, school security, and specified repair purposes or (2) for transfer to the Operations and Maintenance Fund for the purpose of abating an equal amount of operations and maintenance purposes taxes. If any transfer is made to the Operations and Maintenance Fund, the secretary of the school board shall within 30 days notify the county clerk(s) to abate the taxes to be extended for the purposes of operations and maintenance authorized under Section 17-2 of this Act by an amount equal to such transfer.

**Working Cash Fund Interest**

Monies earned as interest from investment of the Working Cash Fund may be transferred from the Working Cash Fund upon the authority of the school board. A separate resolution must be enacted directing the school treasurer to make such transfer to any other fund of the district. Specific provisions are contained in Section 20-5 of the School Code.

**Working Cash Fund Balance to Educational Fund**

The board of education of any school district may, by resolution, abolish its Working Cash Fund and transfer any balance to the Educational Fund at the end of the fiscal year. Outstanding interfund loans from the Working Cash Fund must be paid to the Educational Fund at the end of the fiscal year.
Uncollected Working Cash Fund taxes, when collected, must be paid into the Educational Fund (Section 20-8).

"Abatement" of Working Cash Fund
Section 20-8 of the School Code permits a district to abolish its Working Cash Fund and to transfer the balance of the fund to the educational fund. Although Section 20-8 does not mention abatement of the fund, Section 20-9 refers to re-creating a working cash fund which has been “abolished or abated.” Accordingly, “implicit in the provisions of Section 20-9...is the authority to abate a working cash fund.” (In re Application of Walgenbach (1984), 104 Ill.2d 121, 125.) Since the balance of the fund when abolished may be transferred to the educational fund, it follows that any balance transferred from the fund when abated may be deposited in the educational fund as well.

Other Working Cash Fund Limitations
Section 20-6 of the School Code contains strong penalties for any member of a school board or any other person holding any office, trust, or employment under a school district who is found guilty of willful violation of any of the provisions of Article 20 (the Working Cash Fund).

Further limitations to the Working Cash Fund are included in the Tax Anticipation Note Act (50 ILCS 420/0.01). These limitations affect Working Cash Fund transfers when tax anticipation notes have been issued. The following is an excerpt from Section 5 of the Act:

Whenever the unit of government has established a Working Cash Fund, as provided by law, the tax rate shall not be reduced below the amount necessary to reimburse any money borrowed from the Working Cash Fund. It shall be the duty of the clerk or secretary of the unit of government, annually, not less than 30 days prior to the tax extension date, to certify to the county clerk the amount of money borrowed from the Working Cash Fund to be reimbursed from the specific tax levy. No reimbursement shall be made to the Working Cash Fund until there has been accumulated from the tax levy to pay the notes an amount sufficient to pay the principal of, and interest on, the notes to maturity. At such time as there are no notes outstanding, all proceeds of such levy shall be applied for the specific purpose or purposes for which the notes were issued.

Borrowing Money/Debt Limitations
Many school districts borrow money to meet cash flow needs or to finance capital projects. School board members and administrators should understand the various means under which borrowing may occur so that they adopt the best plan to meet the district’s specific needs. The terms and conditions of borrowing money depend upon the credit rating of the district, i.e., a designation used by analysts or rating services to represent relative quality of debt issues. Numerous conditions within the control of the school board affect a district’s credit rating. Good fiscal administration, full disclosure financial reporting, effective long-term financial planning, efficiency of operation, and sound board policies help establish a favorable credit rating. School districts should first determine if short-term cash shortages can be met by Working Cash Fund loans or other interfund loans before incurring short-term debt through external sources.
Maximum Bonded Indebtedness

Limitations on school-district-bonded indebtedness are determined in relationship to a district’s equalized assessed valuation (EAV) of real property. Section 19-1 of the School Code contains the general debt limits for elementary and high school districts (6.9% of EAV) and unit districts (13.8% of EAV).

Section 19-1 also provides a maximum of 15.0% of EAV-bonded indebtedness for certain growth districts when the regional superintendent and the state superintendent of education concur with the school board’s enrollment projections and the electors approve the bond issue. At times this section is amended to provide increased bonding power for districts which meet specific conditions.

- Bonds subject to the debt-limitation provisions:
  - Building Bonds*
  - Fire Prevention and Safety Bonds**
  - Refunding Bonds**

- Bonds not subject to the debt-limitation provisions but included in total bonded indebtedness***:
  - Working Cash Fund Bonds#
  - Funding Bonds#

- Bonds not subject to the debt-limitation provisions and not included in total bonded indebtedness:
  - Tort Judgment Bonds**
  - Insurance Reserve Bonds**

*** May limit the issuance of bonds subject to the debt-limitation provisions.
# Subject to backdoor referendum.

In addition to bonded debt, these statutory debt limitations apply to Teachers’ Orders, Employees’ Orders and the principal portion of a three- or five-year lease-purchase agreement or a long-term lease agreement for a building or building addition.

Maximum Interest Rates

The maximum interest rate payable on all short-term debt instruments and all bonds (long-term debt instruments) issued is the greater of 9% per annum or 125% of a market rate indicator. The current indicator is the “General Obligation Bonds Index” of average municipal bond yields as published in the most recent edition of The Bond Buyer. Measurement of this bond index is done at the time the contract is made for sale of the bonds, as authorized by Illinois Compiled Statutes, 30 ILCS 305/2.

Short-Term Borrowing

Short-Term Debt Limitations

Section 18-18 of the School Code limits school districts’ issuance of state aid anticipation certificates, general obligation notes, and tax anticipation warrants so that the total amount of state aid certificates, notes, and warrants outstanding for any fiscal year may not exceed 85% of the taxes levied by the district for that year.

One exception to this limitation exists. Any district may now borrow up to 100% of the amount of General State Aid to be received in July even if it has borrowed to its maximum level as described above.

A district is also limited in the amount which can be accumulated in the
Working Cash Fund. Whether through the sale of working cash bonds or through annual levy, the maximum amount that can be accumulated in the Working Cash Fund is 85% of the taxes permitted to be levied for educational purposes for the then current year plus 85% of the district's last known Corporate Personal Property Replacement Tax entitlement (Section 20-2).

Additional exceptions exist for any school district which has been certified by the State Board of Education as being "financially distressed." Please see Part VI.

Interfund Loans
The School Code authorizes school districts to make interfund loans as follows:

- Operations and Maintenance Fund to the Educational Fund or the Transportation Fund or the Fire Prevention and Safety Fund (Section 10-22.33),
- Educational Fund to the Operations and Maintenance Fund or the Transportation Fund or the Fire Prevention and Safety Fund (Section 10-22.33),
- Transportation Fund to the Educational Fund or the Operations and Maintenance Fund or the Fire Prevention and Safety Fund (Section 10-22.33), or
- Working Cash Fund to any fund of the district for which taxes are levied (Section 20-4).

Monies that are temporarily idle and/or surplus in specific funds may be loaned to cover anticipated interim needs in certain other funds, as cited above. Such monies, excluding Working Cash Fund loans, must be repaid to the proper fund within three years. Working Cash Fund loans must be repaid upon the collection of anticipated taxes.

Exceptions to the payment of Working Cash Fund loans exist when tax anticipation notes are outstanding.

Even though interfund loans can be made to the Fire Prevention and Safety Fund, no interfund loans are permitted to be made from the Fire Prevention and Safety Fund.

Interfund loans require appropriate authorization by the board of education of the district.

State Aid Anticipation Certificates
Section 18-18 of the School Code allows school districts to issue a type of short-term debt known as State Aid Anticipation Certificates. Using certificates, money is loaned to a district against anticipated General State Aid payments. The certificates have the following general characteristics:

- Certificates may not be outstanding for more than 13 months.
- Certificates are payable solely from General State Aid payments.
- Certificates may be issued without referenda.
- The amount of certificates to be issued may not exceed 75% of the state aid allocated to the school district for that year as certified by the state superintendent after subtracting the amount of funds available for transfer from the district’s Working Cash Fund.
- The amount of certificates plus the amount of funds transferred from or available for transfer from the district’s working Cash Fund, plus the amount of the district's general obligation notes and tax anticipation warrants outstanding for the year may not exceed 85% of taxes levied by the district for that year.
- The board, prior to issuing the certificates, must adopt a resolution designating the purposes for which the proceeds of the certificates are
to be expended, the amount to be issued, maturity dates, rate of interest, and other optional provisions.

Upon the issuance of said certificates, the board shall give written notification to the appropriate regional superintendent and the state superintendent of education of the issuance of the certificates and the terms thereof, including, but not limited to, any assignment of state aid payments made pursuant to this Section, the name and address of each assignee, the amounts and dates of the payments to be made by the state superintendent of education directly to each assignee under Section 18-11 [105 ILCS 5/18-11], the amount of the certificates held by each assignee and the maturity date of the certificates.

Public Act 87-1215 permits districts to borrow up to 100% of their July state aid payments; these loans must be repaid by August 1 and may be in excess of the limitations stated above.

Personal Property Replacement Tax Notes
Personal property replacement tax notes may be issued in an amount not to exceed 75% of the entitlement of replacement taxes anticipated for the year. The entitlement amount must be certified by the director of the Illinois Department of Revenue. If the entitlement has not yet been certified, notes may be issued based upon 90% of the last known entitlement as certified by the director of the Illinois Department of Revenue (50 ILCS 420/4.1).

Tax Anticipation Notes
School districts are authorized to issue general obligation notes in an amount (including principal, interest, and costs of note issuance) not to exceed 85% of the taxes levied less the amount available for loan in or loaned from the Working Cash Fund. Anticipation notes may be issued in anticipation of all taxes, including those for which tax anticipation warrants may not be issued. No notes shall be issued during any fiscal year in which tax anticipation warrants are outstanding against the tax levied for the fiscal year. Anticipation notes bear interest at a rate not exceeding the greater of 9%, or 125% of the General Obligation Bonds Index of average municipal bond yields. Notes must mature within two years. A board of education is required to adopt a resolution fixing the amount of notes, the date and the maturity date, the rate of interest (unless the notes are to be sold by public bid), the place of payment, and the denomination (in equal multiples of $1,000). The board resolution must also provide for the levy and collection of a direct annual tax upon all taxable property in the district sufficient to pay the principal and interest on the notes to maturity (30 ILCS 305/2).

When tax anticipation notes are outstanding, it is the duty of the county clerk to reduce a district's specific tax rate by the percentage necessary to produce an amount to pay the principal and interest on the outstanding notes. When the district has established a Working Cash Fund, the tax rate is not reduced below the amount necessary to reimburse any money borrowed from the Working Cash Fund. It is the duty of the clerk or secretary of the district annually, and not less than 30 days prior to the tax extension date, to certify to the county clerk the amount of money borrowed from the Working Cash Fund that is to be reimbursed from the specific tax levy. No reimbursement may be made to the Working Cash Fund until an amount sufficient to pay the principal of, and interest on, the notes to maturity has been accumulated from the tax levy. The notes are executed in the
name of the district by manual or facsimile signatures of district officials designated by the resolution. At least one signature on each note must be a manual signature. The notes may be issued in excess of any statutory debt limitation and do not operate to reduce the authority to incur debt otherwise authorized for the district. The issuance of notes does not require a referendum (50 ILCS 420/5).

**Tax Anticipation Warrants**

When there is no money in the treasury to pay the necessary expenses of the district, a school board may issue warrants or may provide a fund by issuing and disposing of warrants drawn against, and in anticipation of, any taxes levied for payment of necessary district expenses for transportation, educational, fire prevention and safety, and operations and maintenance purposes, or for payments to the Illinois Municipal Retirement System (but not the Social Security System), or for payments of maturing principal and interest of bonds. Warrants may be issued to a legal maximum of 85% of the total amount of the tax levied. The warrants show upon their face that they are payable in the numerical order of their issuance solely from such taxes when collected. Taxes must be set aside and held for warrant payment. Every warrant bears interest payable out of the taxes against which it is drawn at a rate not exceeding the greater of 9%, or 125% of the General Obligation Bonds Index of average municipal bond yields, per annum from the date of issuance until paid, or until notice is given that the money for the warrant is available (Section 17-16 of the School Code).

The warrants bear a specified due date and are secured by a levy of ad valorem taxes upon all taxable property in the district without limit as to rate or amount. No additional money should accrue to the district as a result of the tax levied to pay general obligation warrants because when the warrants are issued, the county clerk is instructed to reduce the specific tax rate by the percentage necessary to produce an amount to pay the principal of and interest on the warrants. A district may not issue general obligation tax anticipation warrants in excess of the 85% formula described above.

Under the Debt Reform Act, a district may issue refunding warrants or general obligation bonds to refund warrants should taxes or other revenues be delayed or insufficient to pay the warrants. The refunding warrants or bonds may also be secured by a levy of ad valorem taxes upon all taxable property in the district without limit as to rate or amount or, for a district subject to the Extension Limitation Law, may be issued as limited bonds.

Warrants initially issued are not regarded as or included in any computation of indebtedness for the purpose of any statutory provision or limitation. Refunding warrants and general obligation bonds issued to refund warrants may be issued without regard to existing debt limitations. Upon being issued, however, such general obligation refunding bonds or warrants must be included and regarded as indebtedness.

**Teachers’ Orders**

Teachers’ orders are, in effect, promissory notes for wages due, paid in lieu of cash or a check to a teacher. Wages of teachers are paid in a manner agreed upon by the school board, but at least one payment must be made during each school month. The board issues
and delivers an order to the school treasurer for the amount of salary due. Teachers' orders must be issued when due, even though there is no money in the Educational Fund, and the orders become a liability against future Educational Fund revenue of the district.

The school treasurer cannot pay out funds of a district except upon an order of the school board signed by the president and clerk, or secretary, or by a majority of the board. When teachers' orders are presented to the treasurer and cannot be paid because of lack of funds, the treasurer endorses the orders over his or her signature "not paid for want of funds," marks the date of presentation and records the endorsements. After an endorsement, the order becomes negotiable and bears interest not exceeding the greater of 9%, or 125% of the General Obligation Bonds Index of average municipal bond yields per annum. The order remains outstanding and interest accumulates until the treasurer notifies the clerk or secretary, in writing, that he or she has funds to pay the order. The order draws no interest after notice is given to the clerk or secretary (Section 8-16 of the School Code).

Charter school districts having a population of less than 500,000 may issue to teachers and other employees of the district orders in payment of salaries (Section 32-4.14 of the School Code). (As of December 1, 1996, there are 12 such charter school districts in Illinois.)

**Anticipation of Revenue Act**

The Anticipation of Revenue Act (50 ILCS 425/1 et seq.) authorizes units of local government and school districts to issue obligations to anticipate revenue from any sources including, but not limited to, federal aid, state revenue sharing, local taxes and fees. Anticipatory obligations issued against such expected revenues for any purpose shall not exceed 85% of such revenues. Written assurance of the amount of revenue to be received from a particular source must be filed with the proper county clerk before the obligations can be issued.

Obligations issued under this Act shall be due not more than 12 months from the date of issue and shall bear interest at a rate not exceeding the maximum rate authorized by the Bond Authorization Act (30 ILCS 305/0.01) at the time of issuance.

Several duties are imposed upon the treasurer of the district including authentication of notes and coupons, providing certificates of authenticity, keeping a registry of each series of notes issued, transmitting funds to pay principal and interest, and insuring that notes are paid.

Severe penalties are provided if notes are issued in excess of the limitations. Any official of the unit of local government or school district who votes for or otherwise influences the issuance of notes under this Act in excess of the limitations provided in the Act "shall be liable for twice the sum of such excessive notes to the unit of local government or school district as the case may be and shall be ineligible for his office and be subject to removal from office."

**Long-Term Borrowing**

**Bond Issue Notification Act**

Public Act 89-655 (House Bill 2645), effective January 1, 1997, requires school boards to hold at least one public hearing concerning the school district's intent to sell non-referendum general obligation bonds or limited (tax) bonds
before adopting the ordinance/resolution to sell the bonds. The clerk or secretary of the board shall publish notice of the hearing at least once in a newspaper of general circulation in the district not less than seven nor more than 21 days before the date of the hearing. The notice shall not be placed in the legal notice or classified advertisement sections of the newspaper. The notice shall be in substantially the following form:

The (governmental entity) will hold a public hearing on (date) at (time). The hearing will be held at (location). The purpose of the hearing will be to receive public comments on the proposal to sell bonds in the amount of $ (amount) for the purpose of (state purpose).

Any notice that excludes that information shall be deemed invalid. Governmental units issuing non-referendum general obligation bonds or limited bonds subject to backdoor referendum under applicable law may publish one notice that includes both the information required by this Section and by the backdoor referendum provision.

At the required hearing the board shall explain the reasons for the proposed bond issue and permit persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits. The hearing may be adjourned to another date without further notice other than a motion, to be entered upon the minutes of the board, fixing the time, place, and date of the reconvened hearing.

The board shall not adopt the ordinance selling the non-referendum general obligation bonds or limited bonds for a period of seven days after the final adjournment of the public hearing.

School districts that are issuing either refunding general obligation bonds or refunding limited bonds are not required to comply with the provisions of this Act.

**Health/Life Safety Bonds**

If the regional superintendent of schools having jurisdiction over a school district certifies to the school district and the State Board of Education that the work proposed for which the non-referendum general obligation bonds or limited bonds will be issued is work that is required in order to meet the minimum mandatory safety requirements under the Health/Life Safety Code for Public Schools created pursuant to Section 2-3.12 of the School Code, the school district issuing the bonds is not required to comply with the provisions of this Act. If the board of education of a school district exempt from Section 2-3.12 of the School Code (Chicago School District 299) certifies to the State Board of Education that the work proposed for which the non-referendum general obligation bonds or limited bonds will be issued is work that is required in order to implement a capital improvement program to provide for the health, life, and safety needs of the pupils, school personnel, and school district, the school district issuing the bonds is not required to comply with the provisions of this Act.

**Emergency Situations**

School districts that are issuing non-referendum general obligation bonds or limited bonds for the purpose of making improvements or restorations, the necessity for which is caused by any casualty, accident, or emergency, are not required to comply with the provisions of this Act. As used in this Section, “emergency” means a condition requiring immediate action to suppress or prevent the spread of disease or to
prevent or remove imminent danger to persons or property.

Working Cash Fund Bonds
For the purpose of creating or increasing a Working Cash Fund, the school board of a district having a population of less than 500,000 may incur a bonded indebtedness. Total indebtedness cannot exceed, in the aggregate, 85% of the taxes permitted to be levied for educational purposes for the current year plus 85% of the last known personal property replacement tax revenue entitlement minus any balance currently in the Working Cash Fund. The maximum amount a district can have in its Working Cash Fund is calculated by this same formula.

The Working Cash Fund may be created by issuance of bonds and/or by resolution of the school board to levy an annual tax not to exceed .05 percent. Working Cash Fund monies may be used for the purposes of authorized interfund loans. Monies in the fund are not regarded as current assets available for school purposes and may not be used by the school board other than to loan monies with which to meet ordinary and necessary disbursements for salaries and other school purposes. The monies may be loaned to any fund of the district for which taxes are levied. Working Cash Fund monies are considered loaned in anticipation of the amount of taxes to be received in excess of the amount necessary to pay any outstanding tax anticipation warrants and related interest. Working cash fund loans must be repaid when the taxes which were anticipated are received (Sections 20-1, 20-2, 20-3, 20-4, and 20-7 of the School Code).

Funding Bonds
At times, orders for the wages of teachers or for the payment of claims are created that cannot be met from current revenue. These obligations may be paid by issuing funding bonds. Before issuing funding bonds, the school board must adopt a resolution declaring its intention to issue bonds for the purpose(s) provided. The notice of intent to issue bonds to pay claims must be published.
The notice informs a district's voters both that the school board intends to issue bonds and that bonds will be issued unless a petition requesting an election is presented to the board within 30 days from the date of the notice. If a petition signed by at least 10% of the district's legal voters is filed requesting the school board to call an election, an election must be held before the bonds can be issued (Sections 19-8 and 19-9 of the School Code).

Refunding Bonds
Refunding bonds may be issued to pay the outstanding binding and subsisting legal obligations of a district. Refunding may be for bonds and interest due when funds are not available for their payment, or for reissuing (refinancing) callable bonds (which have not matured) at a lower rate of interest. If the district's indebtedness does not exceed the appropriate debt limitation at the time the bonds are issued, these bonds may be refunded by issuing refunding bonds at a later date. Refunding bonds may be issued without a referendum (Sections 19-15 and 19-16 of the School Code).

Fire Prevention, Safety, Energy Conservation, Disabled Accessibility, School Security and Specified Repair Purposes Bonds
School districts may expend tax revenues for fire prevention and safety; the protection and safety of the environment, pursuant to the "Environmental Protection Act"; energy conservation; disabled accessibility; school security; and specified repairs. These expenditures must be as a result of a lawful order of any agency,
other than a local board of education, having jurisdiction over school districts.

Expenditures for fire prevention and safety have priority over expenditures for energy conservation, school security, or other purposes. Section 17-2.11 allows a district to tax at a rate of .05% (5 cents per $100 EAV) for life-safety purposes. This rate may be increased to .10% (10 cents per $100 EAV) upon approval of a majority of the electors at a regularly scheduled election.

Section 17-2.11 also authorizes boards of education to issue bonds without referendum for fire prevention, safety, energy conservation, disabled accessibility, school security and specified repair purposes. The intent of the law concerning the authority to issue bonds is to expedite the rehabilitation of buildings to meet fire prevention and safety standards, to reduce energy consumption, to improve disabled accessibility, to provide security features, and to make specified repairs. (Note: School districts subject to the provisions of the Property Tax Extension Limitation Law will be required to have a referendum unless they qualify under the provisions of Senate Bill 368, Public Act 89-385, to issue "limited (tax) bonds.")

**Building and School Site Acquisition**

A school district is not required to hold a referendum to purchase a building site, but there must be a favorable vote by the voters of a district before bonds may be issued or a building constructed. Expenditures for the purchase of a building site and additions to existing structures may be made from the Operations and Maintenance Fund without approval of the voters. School boards shall not accumulate monies from taxes for operations and maintenance purposes unless there is voter approval for this action (Section 17-5.1 of the School Code). A favorable referendum must be held to authorize acquisition of a residential site for a school district (Sections 19-2 and 19-3 of the School Code).

The construction of school buildings or office facilities without a referendum is permitted only when the work is paid for with funds received from the sale or disposition of other buildings or lands of the school district or with funds received from sources such as gifts or donations. However, no funds derived from bonded indebtedness or a tax levy can be used for these purposes (Section 10-22.36 of the School Code).

**School Sites and Office Facilities**

A board of education may buy or lease school building sites and school offices. The purchase of such sites or office facilities may be by contract for deed, contracted for a maximum of ten years (Section 10-22.35A of the School Code). Districts may borrow funds for the purchase and/or improvement of real estate for vocational education purposes.

Section 10-22.12 of the School Code authorizes school boards to "lease, for a period not exceeding 99 years, any building, rooms, grounds and appurtenances to be used by the district for the use of schools or for school administration purposes and to pay for the use of such leased property in accordance with the terms of the lease. The board shall not make or renew any lease for a term longer than 10 years, nor alter the terms of any lease whose unexpired term may exceed 10 years without the vote of 2/3 of the full membership of the board."

A school district may enter into such a lease agreement (with a local bank or an investment bank) for a building which has not yet been built or for additions, improvements or renovations of existing
buildings. The bank may assign its interest in the lease to a trustee who then issues Certificates of Participation (COPS) to investors. The proceeds of the sale of the COPS are used to pay for the acquisition or construction of the leased property. The lease payments made by the district to the trustee are used to pay interest on and retire the principal of the COPS.

There is no authority for the district to levy a special unlimited tax as to rate or amount to make such lease payments. A district may, however, levy a tax to lease educational facilities under Section 17-2.2c of the School Code. The permissive rate for the leasing tax is .05%; it may be increased to .10% with voter approval. The proceeds of this tax are to be deposited in the operations and maintenance fund because Section 17-7 of the School Code requires payments "for the rental of buildings and property for school purposes" to be made from the operations and maintenance fund.

**Revenue Bonds for Exhibition Facilities**

Revenue bonds may be issued without referendum under Section 19a-2 of the School Code for buildings or stadiums constructed to be used primarily for athletic spectator sports. Section 19a-4 authorizes boards to issue bonds, after referendum, to pay deficiencies resulting from exhibition facilities' income being inadequate to make such payments.

**Insurance Reserve Bonds**

Section 9-105 of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/9-105) also allows bonds to be issued without referendum for the purpose of creating a reserve for the payment of any cost, liability or loss against which a district may protect itself or self-insure pursuant to Section 9-103 of the Local Governmental and Governmental Employees Tort Immunity Act, as amended, or for the payment of which a district may levy a tax pursuant to Section 9-107 of the Act, including, without limitation, any or all tort judgments or settlements entered against or entered into by the district. Such bonds may be issued in an amount necessary to fund a reserve created for any or all of these purposes. Such reserve fund, including interest earnings reasonably anticipated thereon, must not be funded in an amount in excess of that which is reasonably required for the payment of such costs (including costs of issuance associated with bonds issued for the purpose of funding such reserve fund). Such bonds do not count against the district's statutory debt limit. Monies on deposit in an insurance reserve fund funded from tax-exempt bond proceeds are subject to yield restriction from and after the date of issuance of the bonds, until and as such bonds are retired (Federal Arbitrage Laws).

**Limited Bonds (Limited Tax Bonds)**

Districts subject to the provisions of the Property Tax Extension Limitation Law may issue non-referendum bonds using the debt-service-extension base provision. This provision allows county clerks to continue to extend taxes for a taxing district's non-referendum bonds at the same level as for the 1994 levy year in Cook and the collar counties or for the levy year in which the referendum was held (in the other 96 counties) which made the district subject
to the law. When issuing new bonds that will be financed using this provision, the district must label them “limited bonds” under Section 15 of the Local Government Debt Reform Act. The debt-service-extension base can be created or increased by referendum.

If a district has no flexibility within its debt-service-extension base it can consider refunding its non-referendum bonds extending the length of the redemption period and reducing the annual requirements for principal and interest payments. A district may also consider issuing Capital Appreciation Bonds (CABs). A CAB is a governmental security on which the interest on an initial principal amount accretes (technical term) at a stated compounded rate until maturity at which time the investor receives a single payment representing both the initial principal amount and the total investment return interest. Since interest is not paid on a semi-annual basis, a district may issue bonds with no bond and interest tax levy until the year prior to maturity. This enables the district to structure new debt service around existing indebtedness.

Alternate Bonds

Alternate Bonds may be issued pursuant to the Debt Reform Act and the School Code whenever a school district has a lawfully available revenue source sufficient to provide in each year an amount not less than 1.25 times debt service on any outstanding alternate bonds payable from such revenue source and the alternate bonds to be issued. The revenue source must be pledged to the payment of the alternate bonds and the school board must covenant to provide for, collect and apply the revenue source to the payment of the bonds and an additional .25 times debt service. The bonds are also payable from a full-faith-and-credit tax levy. The intent is that the revenue source will be sufficient to pay the bonds so that taxes need not be extended for their payment. Alternate bonds must be issued for a lawful corporate purpose. They do not constitute debt for the purpose of any statutory provision or limitation unless taxes, other than a designated revenue source, are extended to pay them. The issuance of alternate bonds must be approved by referendum if the requisite number of voters in the district files a lawful petition with the secretary of the school board within 30 days following publication of the district’s intent to issue the bonds.

Contract Purchasing of School Buses

A school board, by resolution, may enter into a contract for the purchase of buses to be paid for within a three-year period from the date of the resolution or over such longer period of time as does not exceed the depreciable life of the vehicle (currently five years) (Section 10-23.4 of the School Code).

Alternate Sources of Long-Term Borrowing

Illinois Development Finance Authority

The Illinois Industrial Development Finance Authority was created by Public Act 81-434, effective September 7, 1979. Its title was changed to the Illinois Development Finance Authority (IDFA) and its powers were broadened to include units of local government (Public Act 83-669, effective September 23, 1983; Public Act 85-1154, effective July 29, 1988; and Public Act 86-819, effective September 7, 1989) (20 ILCS 3505/1 et seq.).

IDFA is dedicated to the advancement of economic development in the State of Illinois by providing Illinois local governments, businesses and not-for-profit organizations access to capital.
IDFA offers local governments throughout Illinois several important features which save money for borrowers. These include exemption from both state and federal income taxes, the ability to intercept tax, state aid and other revenues and direct them to the bond trustee to pay principal and interest on the bond issue, and to pool bond issues with similar borrowers. These features lower the cost of borrowing and increase the marketability of the issue. Additionally, school districts can benefit in the marketplace from issuing bonds through IDFA as a conduit financier and can rely upon the objective, innovative and experienced guidance of their team of municipal finance professionals.

Since 1995, twelve school districts have achieved significant interest savings by issuing bonds through IDFA.

- Aurora East School District 131
- Community H.S. District 155
- East St. Louis School District 189
- Elgin School District No. U-46
- Geneva Community Unit School District 304
- Indian Prairie Community School District 204
- Lockport Township High School District 205
- McHenry Consolidated School District 15
- Rockford School District 205
- Round Lake School District 116
- St. Charles Community Unit School District 303
- Will County High School District 210

For additional information, contact Jim Butler at The Illinois Development Finance Authority, 233 South Wacker Drive, Sears Tower - Suite 4000, Chicago, Illinois 60606-6401, 312/627-1434, Fax 312/496-0578 or e-mail us at http://www.idfa.com/

Illinois Rural Bond Bank

The Illinois Rural Bond Bank was created by state statute in 1989 to assist local governments in obtaining low-cost capital for infrastructure and other public improvement projects. The Bond Bank initially served local governments located outside the Chicago metropolitan area. Amendments to the statute expanded the Bond Bank’s territory to all counties within the state, adding Cook, DuPage, Kane, Lake, McHenry and Will.

The municipal bond market is the primary source of capital for Bond Bank programs. Through a process called conduit financing, the Bond Bank sells its bonds in the market and lends the proceeds of the sale to participating local governments. The Bond Bank retires its debt with the principal and interest payments it receives from the local government loans.

Since Bond Bank bonds are backed by the moral obligation of the State of Illinois and the interest on Bond Bank bonds is exempt from state as well as federal income tax, lower overall borrowing rates are obtained. The Bond Bank’s ability to pool a number of financing needs into one large bond issue provides additional savings by sharing the costs of issuance among the participating local governments.

The Bond Bank has provided low-cost, accessible financing in the amount of $10,655,000 to 11 school districts since 1990:

- Bethalto Community Unit School District #8 (Madison County)
- Ewing Northern School District #115 (Franklin/Jefferson Counties)
- Fulton County School District #3
- LaHarpe School District #335 (Hancock/ Henderson/McDonough Counties)
- Mt. Pulaski School District #23 (Logan/Dewitt/Macon/Menard/Sangamon Counties)
- North Clay School District #25 (Clay/Effingham Counties)
- Pleasant Plains School District #8 (Sangamon/Menard/Morgan Counties)
- Raccoon Community School District #1 (Marion/Jefferson Counties)
- Riverdale School District #100 (Rock Island County)
- Rochester School District #3A (Sangamon/Christian Counties)
- South Fork School District #14 (Christian County)

For additional information, contact the Illinois Rural Bond Bank, 427 E. Monroe Street, Suite 202, Springfield, Illinois 62701, PHONE: 217/524-2663, FAX: 217/524-0477. E-mail: bondbank@bondbank.org

Southwestern Illinois Development Authority

The Southwestern Illinois Development Authority (SWIDA) was created by Public Act 85-591, effective September 20, 1987. Public Act 86-1455, effective December 12, 1990, revised financing provisions of the Authority, and Public Act 89-460, effective May 24, 1996, made SWIDA Bonds exempt from state income taxes. Units of local government, including school districts, located within the boundaries of the Authority (Madison and St. Clair Counties) are now permitted to sell bonds to/through the Authority and pledge General State Aid and other state revenues received through the State Board of Education to meet principal and interest payments (70 ILCS 520/1 et seq.).

SWIDA also has the power to buy, sell, lease, and develop property.

School districts in Madison and St. Clair Counties may secure additional information by contacting the Southwestern Illinois Development Authority, 1022 Eastport Plaza Drive, Collinsville, Illinois 62234, 618/345-3400.

Recording of District Revenues and Expenditures

The recording of revenues and expenditures of a school district is governed by a uniform chart of accounts promulgated by the State Board of Education. Information on the Illinois Program Accounting Manual for Local Education Agencies (the chart of accounts) may be obtained from the State Board of Education, School Financial Management Services Division at 217/785-0583.

Corporate Personal Property Replacement Funds

Corporate Personal Property Replacement Funds are collected and distributed by the Illinois Department of Revenue. Districts began receiving payments of Corporate Personal Property Replacement Tax revenue in January 1980. Replacement revenues are recorded as "Payments in Lieu of Taxes" - Revenue Account Number 1230. The payment schedule for the replacement funds is eight payments per year.
The scheduled payment dates are:

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<td>January</td>
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Corporate Personal Property Replacement Tax (CPPRT) revenues must be applied first to the Bond and Interest Fund (for bonds issued prior to January 1, 1979) and second to the Municipal Retirement/Social Security Fund to replace tax revenues lost due to the abolition of the Corporate Personal Property Tax. Since “Medicare Only” payments were not in existence at that time, none of these taxes are required to be allocated for the “Medicare Only” portion of the Social Security payments.

The bond and retirement lien percentages of the Personal Property Replacement Tax are based on the 1978 tax year collections of property taxes. Steps for computing the lien amounts for the Bond and Interest Fund and the Municipal Retirement/Social Security Fund (MRF/SS) are as follows:

1) Amount needed* for Bond and Interest payments for bonds issued prior to January 1, 1979, $__________.
2) Amount needed* for Municipal Retirement/Social Security Fund (MRF/SS) $__________.
3) 1978 Corporate Personal Property Tax Collections divided by 1978 Total Tax Collections = 0.xx
4) Line 1 x Line 3 = Earmarked Bond and Interest Money
5) Line 2 x Line 3 = Earmarked MRF/SS Money

* As shown in the current year's budget.

After satisfying the liens for the Bond and Interest Fund and the Municipal Retirement/Social Security Fund, the CPPRT revenue may be deposited into any fund which receives taxes.

**Tax Revenues**

Upon receipt, tax revenues are to be prorated according to the tax extension into the respective account and/or fund. School districts receiving taxes under an accelerated method of tax billing should use the prior year’s proration schedule. If the district is informed of the actual proration prior to July 1, then the district makes the necessary adjustments. If the district does not know the proration by July 1, the district auditor makes the necessary adjustments retroactive to June 30.

The initial distribution of taxes shall not be regarded as being only for one fund (the Educational Fund, for example); it must be prorated among all funds for which taxes were levied as explained above.

**Proceeds from Sale of Property**

School boards are required to use the proceeds from the sale of school sites, buildings, or other real estate to pay the principal and interest on any outstanding bonds on the property being sold. An equal amount of taxes levied for bond and interest payments must then be abated. After all such bonds have been retired, the remaining proceeds from the sale shall next be used by the school board to meet any urgent district needs as determined under Section 2-3.12 of the School Code (school building code) and Section 17-2.11 of the School Code (fire prevention, safety, and other specified purposes) and then may be utilized for any other authorized purpose and may be deposited into any district fund (Section 5-22 of the School Code). This revenue is recorded in Revenue Account Number 7320, “Sales of Buildings and Grounds.”
General State Aid  
Section 18-8.05 of the School Code provides that boards of education may direct General State Aid monies into any fund from which the district is authorized to make expenditures. The revenue is recorded in Account Number 3001. General State Aid monies may not be recorded in the Working Cash Fund, as no expenditures (only loans and transfers) are permitted from the Working Cash Fund.

Supplementary State Aid  
Supplementary state aid received under the provisions of Sections 18-8.05f, 18-8.2, 18-8.3, 18-8.4, or 18-8.5 of the School Code is recorded as revenue in any fund from which the district is authorized to make expenditures. For appropriate account numbers, see the most recent version of the Illinois Program Accounting Manual. Such receipts (revenues) may not be recorded in the Working Cash Fund.

Privilege Tax on Mobile Homes  
The revenues from the privilege tax on mobile homes are recorded in Revenue Account Number 1210. These tax monies may be recorded in any fund of the district.

Impact Fees  
Impact fees (also called development fees) are charges assessed against new development that attempt to cover the cost of providing services needed to serve the development. Generally collected at the building permit stage, impact fees are a relatively new source of revenue for counties and municipalities that promote the use of impact fees as a way for growth to "pay its own way." By charging at the beginning for these new services or infrastructure needs, local officials believe this will help ensure that existing residents will not have to bear the new costs. The logic behind this rationale is that existing residents have already paid or committed to pay for existing services, and each new growth area should help to pay for the new service needs it has specifically created.

Voluntary impact fees have also been requested of developers by municipalities and school districts. School districts should record such impact fees in Revenue Account 1290, Other Payments in Lieu of Taxes.

Capital Development Board Bond Funds  
In the event that school districts receive funds from the Capital Development Board for the retirement of bonds, they are to record these monies as follows:

1) The principal amount is recorded in the Bond and Interest Fund under the classification, Capital Development Board Bond Principal, Revenue Account Number 3900.

2) The debt service interest amount is recorded in the Bond and Interest Fund under the classification, Capital Development Board Bond Interest, Revenue Account Number 3905.

Handling of Selected District Expenditures  
School Reform Expenditures  
Expenditures from school reform revenues are recorded under the appropriate functions, i.e., the programs or areas for which the revenues are intended. Refer to Chapter 3 of the Illinois Program Accounting Manual for Local Education Agencies (IPAM/LEA) to determine the current functions. Examples of appropriate function numbers are:

- Function 1110, Elementary Instruction for the Reading Improvement Program;
- Function 1130, High School Instruction for Driver Education;
- Function 1200 (series), Special Programs for Early Childhood, Preschool, and Alternative Education Programs; and
- Function 2210, Improvement of Instruction Services for any programs related to improvement of instruction, such as the costs of inservice programs.

Board Payment of Employee Share of Teacher Retirement
In those instances where local boards of education have agreed to pay all or a portion of the employee contribution to the Teachers' Retirement System, the payment should be coded as an employee benefit (Object #2, Illinois Program Accounting Manual for Local Education Agencies). Salaries are charged to the appropriate function numbers (i.e., the function under which the employees work). Employee benefits are also charged to the appropriate function numbers.

Employee and employer contributions for early retirees must be based on the highest, rather than last, full-time annual salary during the fiscal years that were considered in determining the final rate of earnings. The employer pays any employer contributions from the same fund which is used to pay earnings to employees.

Unemployment Insurance
School districts have the option of electing a percentage contribution or a dollar-for-dollar reimbursement to the State Unemployment Insurance Program. Federal program monies may be used for their proportionate share of the contribution payment or toward building a self-insurance reserve for making reimbursement payments. Expenditures are charged to the same fund from which salaries are paid. Districts should charge expenditures to Account Number 1-2310-380 in the Educational Fund, Account Number 2-2540-380 in the Operations and Maintenance Fund, and Account Number 4-2550-380 in the Transportation Fund. If more detailed cost allocation is desired, districts can distribute the Educational Fund costs to the proper functions. School districts may levy under tort immunity for unemployment compensation insurance purposes.

Medicare-Only Payments
Some school employees who are exempt from Social Security coverage (certified personnel covered under the Teachers' Retirement System) are covered under Medicare-Only requirements. In these instances the employer's share of benefits (1.45% of all earnings for calendar year 1994 and thereafter) is to be charged to the same function or functions as the employee's salary, Object Code 214. House Bill 2630 (Public Act 84-1472), effective January 23, 1987, authorized separate levies for Municipal Retirement purposes and Social Security purposes (including Medicare Only), effective with 1987 taxes payable in 1988.

Free Meals-Social Security Payments
The Social Security Division of the State Employees’ Retirement System of Illinois instructions concerning the wage status of meals or lodging furnished employees are that meals furnished employees are not considered wages for Social Security if the meals are furnished on the school premises and are furnished for the convenience of the employer.

Shelterability of Board-Paid Teacher Retirement
The Internal Revenue Service has issued two general revenue rulings under which a board of education may treat its contributions to the state Teachers’ Retirement System (TRS) on
behalf of its employees as excludable from gross income for federal income tax purposes. Under the rulings, board contributions to TRS are treated as excludable from gross income if the district's plan meets the following two criteria:

- The board must specify that the contributions, although designated as employee contributions, are being paid by the board in lieu of contributions by the employee, and
- The employee must not be given the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the pension fund.

**Illinois Funds**

Finding a suitable place for short-term investments of small amounts of excess monies may be difficult for some school district treasurers. The Illinois Funds, previously known as Illinois Public Treasurers’ Investment Pool (IPTIP), is designed to provide a convenient and economical means of investing short-term funds. The management and operation of the pool under the supervision of the State Treasurer is open to participation by local school districts and other governmental units.

Other features of the pool include:

- **Liquidity.** Deposits and withdrawals are made by wire transfer or check at the sole discretion of participating treasurers with no prior notification to the Pool’s custodian.
- **Maximized Income.** All income is computed and credited daily. Friday deposits into the Pool earn interest for Friday, Saturday, and Sunday.
- **Daily Valuation of Assets.** All assets in the Pool are valued daily in conformance with state statutes and policies of the State Treasurer.
- **No Minimums.** There are no minimum deposit or withdrawal levels. Participants maintain full control over the flow of their assets.

- **Fees.** Illinois Funds pays all expenses relating to the operation of the Pool from an administrative charge of .25% on its assets while the Pool balance is over $500 million. When the Pool balance falls below $500 million, the administrative charge is increased to .27%.
- **Check Writing.** Upon the request of participating treasurers, the custodian will establish checking accounts for each account opened. Public treasurers can use their checks to pay bills or meet employee payrolls or other financial obligations.

To secure additional information on participation in Illinois Funds, contact the Illinois State Treasurer, 300 West Jefferson, Springfield, Illinois 62702. A toll-free telephone number, 800/346-7414, is provided for the convenience of public treasurers.

**Illinois School District Liquid Asset Fund Plus**

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a comprehensive cash management service that was created in 1984 by the Illinois Association of School Boards, the Illinois Association of School Administrators, and the Illinois Association of School Business Officials. ISDLAF+ offers its participants two professionally managed portfolios—the Liquid Series and the MAX Series—that provide competitive money market rates. Both Series are rated AAAM by Standard and Poor’s, the highest such rating for investment pools. The Series’ rates are earned on the pooled investments of participating public schools, community college districts, and educational service regions. Interest earnings are calculated daily on
every dollar in each Series and credited to each participant’s account at the end of the month.

Deposits may be made to either its liquid or MAX series by wire, ACH and direct deposit of state aid payments. Deposits made into its MAX series must be for a minimum period of 30 days, however, state aid payments made directly to the MAX series are exempt from this requirement. Withdrawals from the liquid series may be by wire, ACH or checks written against its participants account with its Fund (Computerized or manual checks are available). Monies may be withdrawn from the MAX series either by wire or ACH. The underlying portfolios of investments are managed on a day-to-day basis by a professional money manager, Cadre Financial Services (a registered investment advisor) Ronkonkoma, New York.

ISDLAF+ also provides a variety of fixed-rate/ fixed-term investment alternatives. These options include 1) $100,000 federally insured certificates of deposit (CDs); 2) Jumbo insured certificates of deposit; 3) U.S. Treasury securities; 4) U.S. government agency securities and securities of government sponsored entities; 5) commercial paper; and 6) bankers’ acceptances.

In addition, ISDLAF+ provides participating school districts and community college districts with customized bond reinvestment programs complete with arbitrage calculations, and through its Managed Account Program (MAP), provides individualized investment management, which continually “fine tunes” a district’s investment needs to meet projected cash flow demands.

ISDLAF+ is governed by the participants who elect nine trustees who are school board members, superintendents, school business managers/treasurers and chief financial officers of community colleges. The trustees adopt policies that provide for the day-to-day operation of the Fund and its additional services and hire the professionals who deliver the services. ISDLAF+ programs are endorsed by IASB, Illinois ASBO and IASA.

For further information about the operation and structure of ISDLAF+ and the options and advantages provided, you may call the Fund’s toll free #1-800-221-4524, Ext. 215 or e-mail the Fund at TSullivan@Ambac-Cadre.com.

State of Illinois Cooperative Purchasing Program

The Governmental Joint Purchasing Act (30 ILCS 525/0.01 et seq.) allows the cooperative purchasing of personal property, supplies, and services by certain governmental units, including school districts, under a state-organized program. As amended by Senate Bill 1944 (Public Act 87-960), effective August 28, 1992, the Law now permits any not-for-profit agency that meets certain specified requirements to participate in this program.

Joint purchasing generally reduces expenditures due to volume buying and reduced advertising costs. Along with actual dollar savings, indirect savings must also be considered. Elimination of administrative duplication in processing requisitions, evaluating bids, making awards and testing items is an example of indirect savings. It may not be practical to purchase cooperatively all required items of a governmental unit, and not all items are available through this program. Examples of items which may be purchased cooperatively include light bulbs, office supplies, maintenance and automotive supplies, and school buses.
The joint purchasing program is administered by the Illinois Department of Central Management Services. Districts interested in the cooperative purchasing program should contact:

Joint Purchasing Administrator
Procurement Services Division
Department of Central Management Services
801 Stratton Building
Springfield, Illinois 62706
217/785-6935
TDD 217/785-3979

School District Contracts

All contracts awarded by school districts must be in compliance with the provisions of Section 10-20.21 of the School Code. This section requires all contracts in excess of $10,000 to be awarded to the lowest responsible bidder as determined by the competitive bidding process, except for contracts that are exempted from the competitive bidding requirement. Section 10-20.21 also contains requirements for sealed bids, public bid openings, and advertisement and notice to bidders.

Contracts must be issued to the lowest responsible bidder "considering conformity with specifications, terms of delivery, quality and serviceability."

Fourteen specific types of contracts are exempted from the requirements:

1) Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part;
2) Contracts for the printing of finance committee reports and departmental reports;
3) Contracts for the printing or engraving of bonds, tax warrants and other evidences of indebtedness;
4) Contracts for the purchase of perishable foods and perishable beverages;
5) Contracts for materials and work that have been awarded to the lowest responsible bidder after due advertisement, but due to unforeseen revisions, not the fault of the contractor for materials and work, must be revised causing expenditures not in excess of 10% of the contract price;
6) Contracts with the manufacturer or authorized service agent for maintaining, servicing or providing repair parts for equipment, where the provision of parts, maintenance, or servicing can best be performed by the manufacturer or authorized service agent;
7) Purchases and contracts for the use, purchase, delivery, movement or installation of data processing equipment, software or services and telecommunications and interconnect equipment, software and services;
8) Contracts for duplicating machines and supplies;
9) Contracts for the purchase of natural gas where the cost is less than that offered by a public utility;
10) Purchases of equipment previously owned by some entity other than the district itself;
11) Contracts for repair, maintenance, remodeling, renovation or construction of a single project involving an expenditure not to exceed $20,000 and not involving a change or increase in the size, type or extent of an existing facility;
12) Contracts for goods or services procured from another governmental agency;
13) Contracts for goods or services that are economically procurable from only one source, such as for the purchase of magazines, books, periodicals, pamphlets and reports and for utility services such as water,
light, heat, telephone or telegraph; and

14) Where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the members of the board.

Indirect Costs

Indirect costs (frequently called overhead costs in the private sector) are costs of a general nature incurred for the benefit of several activities (programs, grants, or contracts). These are widespread costs that cannot be readily identified with only one activity, but that benefit several activities for a common or joint purpose. Indirect costs include costs for supporting services such as purchasing, budgeting, payroll, accounting, data processing, and staff services.

Direct costs are those costs that are readily and specifically identified as costs for a particular activity and chargeable to a certain area or program. Direct costs include salaries, employee benefits, and all other direct program cost expenses (but exclude distorting expenses such as capital outlay and debt retirement).

Rather than trying to allocate the various indirect costs to the applicable programs, grants or contracts, an indirect cost rate can be used to charge these general expenses to the various activities. The indirect cost rate is the ratio of the district’s total indirect costs to the total direct costs. This rate (computed as a percentage) can then be used to determine the indirect costs applicable to a particular program, grant or contract.

There are two types of indirect cost rates--restricted and unrestricted. Their uses are determined by applicable state or federal law, but in general:

A restricted rate is applied to programs that only supplement and do not supplant or replace local efforts. This rate contains indirect costs primarily related to administration and business support functions. Unrestricted rates apply to other federal programs which do not contain supplanting assurances.

The amount of indirect costs to be borne by a program is determined by multiplying the appropriate indirect cost rate by the direct costs charged to the program.

Indirect cost rates must be calculated by the Illinois State Board of Education under United States Department of Education (DOE) guidelines. The rate is based on applicable expenditures from the school district’s Annual Financial Report. Sample restricted and unrestricted indirect cost computations are shown in Appendix G. Instructions are included in Appendix F.

Per Capita Tuition Charge and Operating Expense Statistics

The per capita tuition charge represents expenditures by a local district from funds received from local property taxes, Common School Fund monies, Education Assistance Fund monies, and federal impact aid plus allowances for depreciation. This is the amount a district charges as tuition to nonresident pupils. Section 18-3 and Section 10-20.12a of the School Code define the procedures for computation of the per capita tuition charge. It is computed by deducting revenues for state categorical programs, local user fees, and federal receipts and by adding a depreciation allowance to the allowable operating expenses. A sample per capita tuition charge computation is shown in Appendix H.
The formula for computing the per capita tuition cost of children attending special education classes in another district (Section 14-7.01 of the School Code) provides that the net cost of conducting and maintaining any special education facility shall be divided by the average number of pupils in average daily enrollment in lieu of average daily attendance.

The operating expense per pupil represents the total operating cost of a local district except for non-regular K-12 program expenses. Non-regular program expenses include those for adult education, summer school, and capital expenditures. The statistics are computed annually from information contained in a district's Annual Financial Report. Per-pupil cost is obtained by dividing the allowable expenditures by the average daily attendance for the regular school year. A sample of the operating expense per pupil computation is shown in Appendix H.

Table 8 in the Overview provides a five-year comparison of average per capita tuition charges and operating expenses per pupil by type of district and for Chicago School District 299.

Business Official Certification
Section 10-22.23a of the School Code empowers school boards to employ a chief school business official. Any chief school business official first employed on or after July 1, 1977, is to be certified under Section 21-7.1. Experience as a school business official in an Illinois public school district prior to July 1, 1977, is deemed the equivalent of certification.

Intermediate Service Centers
The 1985 school reform legislation authorized the establishment of 18 Educational Service Centers to coordinate and combine existing services including gifted education, computer technology, mathematics, science and reading resources. Senate Bill 937 (Public Act 88-89) provided that the 14 Educational Service Centers located outside Cook County were to be disbanded in August 1995 and their responsibilities and programs transferred to Regional Offices of Education. The Educational Service Center serving Chicago School District 299 was eliminated via the waiver process provided in Public Act 89-3, effective February 27, 1995.

Educational Service Centers are now Intermediate Service Centers and reduced to four in number.

For further information, contact Brenda Heffner at the Regional Office of Education Services Unit at 312/814-2222 in Chicago.

Vocational Education Regional Delivery Systems
Sixty Vocational Education Regional Delivery Systems (Education for Employment Regional Delivery Systems) have been established throughout the state. The fiscal year for these systems is July 1st through June 30th. They use joint agreement budget forms (Form ISBE 50-39) and annual financial report forms (Form ISBE 50-60).

Retention and Destruction of School Records
Under the authority of the Local Records Act (50 ILCS 205/1 et seq.), all local government agencies must make application to the appropriate Local Records Commission prior to the destruction of any local government records. An Application for Authority to Dispose of Local Records (Form LR 26.4 for Cook County and Form RM/M RM-9.1 for all other counties) is
prepared for the agency by the staff of the State Archives and submitted to the appropriate Commission for review. When the application is approved, a minimum retention period will be listed (under recommendations) for each record maintained by the school district. The Local Records Commission of Cook County meets the second Tuesday of each month in Chicago in the James R. Thompson Center, and the Local Records Commission meets the first Tuesday of each month in Springfield in the State Archives Building.

If a school district, special education cooperative, or regional superintendent does not have an approved Application for Authority to Dispose of Local Records or needs to add records to its current application, it or he/she should contact the Illinois State Archives, Records Management Section, Local Records Unit, State Archives Building, Springfield, Illinois 62756. School districts in Cook County may contact the Local Records Unit at 217/782-7076, and school districts in all other counties may contact the Local Records Unit at 217/782-7075.

**Illinois Local Records Act**

The retention and destruction of all school records is governed by the Local Records Act. The Local Records Commissions do not publish retention schedules. With the assistance of the school district, field representatives of the Local Records Unit conduct records inventories. After the inventory has been completed, the field representative prepares the Application for Authority to Dispose of Local Records and submits the application to the Local Records Unit for review. The staff of the Local Records Unit located in Springfield prepare the applications for both commissions. After the appropriate Local Records Commission has reviewed the application, the school district will be notified of the Commission's decision. If the application is approved, a copy is sent to the school district along with a blank Records Disposal Certificate (Form LR-4.10) and instructions for completing the disposal certificate. Blank Records Disposal Certificates can also be found on the Internet at [www.sos.state.il.us/depts/archives/recman.html](http://www.sos.state.il.us/depts/archives/recman.html).

The purpose of the Records Disposal Certificate is to request the disposal of specific records for which a retention period has been established in the school district's Application for Authority to Dispose of Local Records. Under the Illinois Administrative Code, school districts are required to submit the Records Disposal Certificate 60 days prior to the proposed disposal date. The Disposal Certificate will be reviewed to determine if the retention requirements of the Application for Authority to Dispose of Local Records have been met. After the disposal certificate has been reviewed in Springfield, the school district will be sent a letter stating whether all the records requested for disposal have been approved for disposal. The disposal certificate will also be reviewed by the Illinois Regional Archives Depository (IRAD) Unit to determine if there are historical records listed on the disposal certificate which the State Archives may be interested in transferring to one of the IRAD depositories.

**Creation and Reformatting School Records**

Schools may create original records in any format or medium they choose. The format should be durable enough to make the records accessible for their full required retention period. The Local Records Commissions urge schools to dispose of records as soon as their
retention period is complete as long as a Disposal Certificate has been filed.

An amendment to section 7 of the Local Records Act (50ILCS205) will allow local government agencies to digitize or microfilm any existing record and dispose of the original record after a Disposal Certificate has been filed with the Local Records Commission. (If signed, this law will take effect Jan. 1, 2001). The Records Act and rules for microfilming are posted on the Illinois State Archives web site. When guidelines for digitization projects are written, they will appear at the same site.

Records that have been digitized or microfilmed must be kept accessible for their full retention. For example, if Student Permanent Records are digitized and the originals lawfully disposed of, the digitized records must be readable for sixty years. School districts should consider the costs and reliability of migrating digital records before they embark on any reformatting project. The Local Records Commissions strongly recommend a microfilm copy of any digital record that is required to be kept more than ten years. Many technical copying systems can now produce compact disks and microforms at the same time.

E-mail
It should be noted that information received or created in E-mail systems may be public records and therefore has the same retention requirements as identical information stored in other record formats. The courts have ruled that the E-mail of any public agency is discoverable in litigation.

Illinois School Student Records Act
Several amendments to the School Student Records Act (105 ILCS 10) became effective January 1, 2000. These amendments alter what information must be kept in Student Temporary Records and Student Permanent Records. Also, Student Temporary Records must now be kept for a full five years after a student leaves before they can be lawfully disposed of. Please remember that the Illinois Attorney General issued an opinion (File N.83-018) in 1983, stating in part “before destroying any temporary or permanent student record, or information contained therein, the school district must obtain the written approval of the appropriate local records commission before destroying or otherwise disposing of such records.”

All questions concerning the Local Records Act should be directed to the Local Records Unit, Illinois State Archives, Springfield, IL, 62756, phone 217/782-1084.

Prevailing Wages
The Prevailing Wage Law (820 ILCS 130/1 et seq.) requires each public body, during the month of June of each calendar year, to investigate and ascertain the prevailing rate of wages as defined in the Law and publicly post or keep it available for inspection by any interested party. The public officials can conduct their own investigation, or they can request the Illinois Department of Labor to determine the wage rates.

The Department of Labor keeps a current list of the different classes of workers’ crafts along with overtime rates and fringe benefits for each of the 102 counties of the state. This information is available to a public body or any interested citizen upon request.

After the public body passes an ordinance or resolution establishing the prevailing rates for its area, it shall promptly file a certified copy with the Secretary of State in Springfield. Within 30 days after filing with the Secretary of State, the public body must publish in a newspaper of general circulation within
the area a notice of its determination. Such public body shall specify in the resolution or ordinance and in the call for bids for the contract that the general prevailing rates of wages in the locality shall be paid for each craft or type of workman or mechanic needed to execute the contract or perform such work. The public body awarding the contract shall cause to be inserted in the contract a stipulation to the effect that no less than the prevailing rates of wages, as found by the public body or Department of Labor or determined by the court on review, shall be paid to all laborers, workmen, and mechanics performing work on contract. It shall also require in all such contractor's bonds that the contractor include such provisions as will guarantee the faithful performance of such prevailing wage clause as provided in the contract.

All bid specifications must contain a list of the most current prevailing wage rates for the county in which the work is to be performed. If the Department of Labor revises the prevailing rate of wages, the revised rates shall apply to the contract. The school district is responsible for notifying each of its contractors and subcontractors about the revised rate.

The Department of Labor will assist school district officials in establishing the proper prevailing rates within their areas. The prevailing wage determination may be obtained without charge by writing the Conciliation and Mediation Division, Illinois Department of Labor, One West Old State Capitol Plaza, Room 300, Springfield, Illinois 62701-1293. On request, school districts will be placed on a mailing list to receive updated information. The phone number is 217/782-1710.

The Department will review compliance of each public body with the time requirements and other provisions of this law. Any public body that is not in compliance may be subject to enforcement action by the Department as allowed in the Act.

A "Model Resolution" that can be used in the determination of prevailing wages was included in Informational Bulletin 93-1, August, 1992.

Compliance with the Illinois Prevailing Wage Law is not a substitute for compliance with the federal requirements for prevailing wage determinations under the Davis-Bacon Act (40 U.S.C.A. 276a), as applied to education programs involving federal funds under the General Education Provisions Act (20 U.S.C.A. 1232b). When federal funds are involved, the prevailing wage used is that wage determined by the U.S. Department of Labor, which at any point in time may not be the same as the Illinois Department of Labor determination, since IDOL and USDOL may not survey at the same times, may survey differently, or may use different adjustment factors.

The Illinois Prevailing Wage Law applies to all covered projects under the control of the school district regardless of the source of funds (private funds, foundation funds, etc.). If federal funds are to be used, a resolution different from the form in Informational Bulletin 93-1 adopting the USDOL prevailing wage will be required to maintain compliance with the Illinois Prevailing Wage Act.

**Tax-Exempt Foundations**

Section 2-3.74 of the School Code requires the State Board of Education to disseminate to all school boards and superintendents of schools information concerning the procedures governing the creation of tax-exempt foundations qualified to receive gifts, donations,
bequests and other contributions for the use and benefit of school districts of the state.

In compliance with this mandate, the legal advisor to the State Board of Education issued a memorandum to regional superintendents of schools, boards of education and school district superintendents on July 13, 1987, on "Procedures Governing the Creation of Tax-Exempt Foundations."

A primary purpose for creating a tax-exempt foundation is to solicit contributions from individuals or corporations, with the intent of applying funds raised toward supplementing the educational programs of a district. The advantages are that contributors may treat the contribution to the foundation as a tax-deductible charitable donation and that the foundation pays no federal or state income tax on the contribution. To achieve this status, however, schools must contact both the Federal Internal Revenue Service and the Illinois Department of Revenue to obtain and submit the necessary forms. If the foundation is to be incorporated, it will be necessary to contact the Secretary of State’s office to file articles of incorporation. Whether it is incorporated or not, a foundation must be registered with the Attorney General's office in compliance with the Charitable Trust Act and the Charitable Solicitation Act.

The creation of a tax-exempt foundation for educational purposes has certain advantages. Great care and attention must be given to the intricacies involved in the formation and maintenance of a tax-exempt foundation. The advice of an attorney, accountant or other qualified person knowledgeable in these complicated procedures should be sought before establishing a tax-exempt foundation.

National Association for the Exchange of Industrial Resources (NAEIR)

Educators can receive free information on a nonprofit program that has provided over $500 million worth of donated supplies to American schools and charities since 1977. These brand new products are contributed by U.S. corporations, who earn a federal income tax deduction for donating. Available supplies include office products, computer software, toys and games, clothing, tools, janitorial supplies, paper products, seasonal decorations, and personal care items. Recipient groups pay $645 annual dues, plus shipping and handling charges, but the products themselves are free. The program administrator says schools average $7,000 worth of new merchandise a year, choosing what they need from 300-page catalogs issued every ten weeks. A moneyback guarantee covers all first-year participants. For a free educator's information kit, phone the nonprofit National Association for the Exchange of Industrial Resources, Galesburg, Illinois, at 800/562-0955 or fax your request to 309/343-0583.

Accounting and Finance Information

Additional information concerning accounting, finance, budgeting and indebtedness provisions for Illinois school districts can be obtained from School Financial Management Services Division at 217/785-0583.
Monitoring Financially Troubled School Districts

State Board Policy on Financial Review
The State Board adopted the following policy in January 1996 which called for an expansion of existing financial review activities and established parameters to foster continuous improvement.

The State Board of Education believes that its responsibility for ensuring the fiscal accountability of local school districts in Illinois requires both technical assistance for school districts which are experiencing financial difficulties and formal intervention when those difficulties reach an unacceptable level.

To meet this responsibility, the State Board will expand its current financial oversight activities into a “financial review system” which is responsive to the needs and problems of all Illinois districts.

This system will include:

1) Clearly defined criteria for determining the seriousness of a district’s financial difficulties,
2) Continuous monitoring of the financial condition of all school districts,
3) The provision of technical assistance and support to those districts which demonstrate conditions which make them at risk or in financial difficulty, and
4) The identification of districts which are in serious financial jeopardy as either on the “financial watch list” or in need of certification as “in financial difficulty” as provided in Section 1A-8 of the School Code.

The criteria for determination of actual or potential difficulty will include both the district’s operating funds balance and its long-term debt, using ratios to be established by the state education agency and made widely known to local school districts.

Background
For nearly a decade, the State Board of Education relied upon a recognized two-tiered approach of financial monitoring in assisting school districts with their efforts to avoid financial crisis and to fulfill the legislative intent of assuring financial continuity of all schools. The Financial Watch List (FWL) was implemented in 1988 to alert school district officials of potential emerging financial difficulty. The second and more serious assessment is the process of certifying school districts as being “in financial difficulty” pursuant to Section 1A-8 of the School Code. The public attention surrounding the annual release of the FWL and certification of school districts has served as a constant reminder of the financial limitations placed upon public education.

The FWL was based over the first ten years on a single measure of financial health, i.e., a ratio of year-end operating fund balances to the annual revenue in the operating funds. School districts in Illinois were placed on the FWL if the sum of their year-end fund balances in the four major operating funds--Educational, Operations and Maintenance, Transportation, and Working Cash--equalled 5% or less of the sum of the year’s revenues in the operating funds. This ratio provided an index of a school district’s cumulative surplus or deficit. A positive value indicated a
cumulative surplus, while a negative value indicated a cumulative deficit.

Financial Assurance and Accountability: A System of Collaboration, Connectivity, and Continuous Improvement

Collaboration
Beginning in January 1996, ISBE staff consulted with local school district officials as well as representative groups such as the Illinois Financial Advisory Committee (IFAC), Education • Research • Development (ED-RED), Large-Unit District Association (LUDA), and South Cook Organization for Public Education (SCOPE) to study the problems inherent in the financial oversight activities conducted by ISBE. As a result of those collaborative efforts several areas of improvement were incorporated. The process is referred to as the Financial Assurance and Accountability System (FAAS) which focuses upon a balanced strategy for identification and outreach. The FWL and Financial Certification activities would be continued with some modifications.

Financial Assurance and Accountability System

- Financial Recognition
- Financial Technical Assistance
- Financial “Watch List”
- Financial “Certification”
- Financial Oversight Panel

The expanded FAAS should be considered an ongoing process requiring further input, development and refinement. However, it has begun to provide a critical framework for systematically financially analyzing, reviewing and monitoring all school districts in Illinois. It has also begun to lay a foundation that will address accountability provisions of local school districts from a financial planning and reporting perspective.

Specifically, the enhanced system:

1) Responds to the needs and problems of all school districts in Illinois, not just those in serious financial jeopardy, with a focus on financial strengths versus financial weaknesses;
2) Incorporates a methodology to define additional criteria for determining the seriousness of a district’s financial difficulty;
3) Expands the role of ISBE in providing continuous monitoring and technical assistance outreach and services; and
4) Builds on the foundation of the publicly recognized FWL and reinforces the importance of the Financial Certification process up to and including the appointment of a Financial Oversight Panel.

Predetermined criteria are clearly articulated for each band of the enhanced FAAS system. There is continued reliance on AFRs as submitted by local school districts. A timely analysis will be conducted to identify which band best defines the financial status of each and every school district in the state. The following Overview demonstrates the progressive identification of school districts’ financial status in Illinois with a desire to maximize the number of school districts in the most outer band of Financial Recognition.
Financial Assurance and Accountability System Overview

Financial Recognition: Meets all criteria identified for a school district to be considered financially solvent and does not require active monitoring by ISBE.

Financial Technical Assistance: Does not meet all criteria considered essential for a school district to be financially solvent. Steps will be taken to assure district awareness of identified deficient factors, which may eventually lead to a school district's inclusion on the Financial Watch List.

Financial Watch List: Modified the historical (5%) funds-balance ratio threshold to include the Municipal Retirement/Social Security Fund and by identifying only those school districts that have a negative fund balance and/or meet any one of the three criteria for certification pursuant to Section 1A-8 of the School Code.

Financial Certification: Assess all school districts on the FWL who qualify pursuant to Section 1A-8 of the School Code for certification as being in Financial Difficulty. Recommendations are forwarded to the State Superintendent for consideration of those school districts that should be proposed for certification by the State Board of Education.

Financial Oversight Panel: As provided by Article 1B of the School Code, staff will stay in constant contact with each school district certified as being in financial difficulty. Recommendations for Financial Oversight Panels will depend on the school district's desire to petition for Emergency Financial Assistance or its failure to comply with its State Board approved financial plan.

Connectivity
Another significant recommendation that emerged from the review of prior financial review activities is the need to develop internal capacity to provide necessary technical assistance to all school districts, but primarily to those on the FWL or under Financial Technical Assistance. To this end, the following technical assistance activities and services have been identified as a preliminary effort to assist local school districts in improving their short- and long-range financial management circumstances.

Financial Assurance and Accountability System Bands--ISBE Technical Assistance Activities and Services.

Financial Recognition--Identify/promote best and innovative practices and encourage collaborative efforts on a regional basis.

Financial Technical Assistance--Technical assistance will be provided by ISBE staff based on the following:

1) The school district's independent audit reviews:
   ✓ Annual Financial Report
   ✓ Federal “Single Audit” Compliance Report
   ✓ Management Letters;
2) Comprehensive Financial Profile with 3-5 year trend analysis; and
3) Comprehensive checklist (e.g., facilities, etc.)
Financial “Watch List”--Increased focus on school districts that are deficit financing. Assign staff to conduct comprehensive analysis of district finances (e.g., cash-flow position, adopted budget, supporting financial management systems, etc.).

Financial “Certification”--Certify districts pursuant to Section 1A-8 of the School Code. Assign staff to ensure school districts develop and adhere to an approved multi-year financial plan. Provide periodic accountability reports to ISBE.

Financial Oversight Panel--Continue to appoint Oversight Panels as required pursuant to Article 1B of the School Code. Staff will ensure accountability with all provisions of the statutes.

The major intent of the FAAS is to eliminate any stigma that was attached to the traditional Financial Watch List process and build on a process of collaboration and trust between ISBE and all school districts. The FAAS will expand, yet focus, financial information and technical resources available within ISBE. A more comprehensive and timely analysis will enhance the credibility of the entire process to create a “value added” process once technical assistance activities and services are provided.

Financial Watch Not Caused by Mismanagement

The Illinois districts exhibiting financial difficulty, generally speaking, have problems attributable to static or declining local property values, unpredictable and insufficient state financial support, and an unwillingness on the part of local taxpayers to support local tax increases. A wide range of short-term financing mechanisms, readily accessible to most districts, serve to encourage districts to borrow in hopes of a brighter revenue picture.

In general, districts with financial difficulties have developed problems over a number of years, not in a single year. Most such districts have spent with restraint, but have spent more than the revenues available. Deficit budgets are neither illegal nor unexpected and will likely be experienced, at least periodically, by even the most well managed school district.

Though perhaps guilty of too much faith in the future, school districts generally have been both cost- and quality-conscious. Districts have attempted to maintain program quality at the expense of balancing the budget and in hopes that the revenue picture in the future would be brighter. As the short-term indebtedness of a district grows, however, expenditure adjustments become inevitable.

Financially Distressed School Districts

Senate Bill 1324, Public Act 88-641, effective September 9, 1994, provided for the certification of a school district by the State Board of Education as a "financially distressed district." The Act amended Section 19-1 and added Section 19-1.5 to the School Code.

If a school district requests certification as a "financially distressed district" and meets the criteria in Section 19-1.5 of the School Code, the State Board of Education "shall certify the district as a financially distressed district."

Criteria in Section 19-1.5 of the School Code:

- A school district levies its taxes for educational and operations and maintenance purposes at the maximum rates authorized with voter approval, or
- Files a petition for certification pursuant to resolution of the school board and

✓ The voters of the school district at the most recent regularly scheduled election have defeated a proposition
to increase the tax rate for the tax levied for educational purposes.

✓ The total aggregate indebtedness of the school district, at the time the petition is filed, equals or exceeds the debt limitation applicable to the district under subsection (a) of Section 19-1 (including, but not limited to, Working Cash Fund, funding, and tort liability bonds).

✓ The amount of General State Aid distributed to the school district (Section 18-8 of the School Code) for the school year immediately preceding the year in which the petition is filed is at least 20% less than the amount distributed for the school year four years prior to the year in which the petition is filed.

✓ The school board has levied its taxes for educational, operations and maintenance, and transportation purposes for each of the prior five school years at the maximum rate authorized by statute or by referendum to levy those taxes for those school years.

If a school district is certified as a financially distressed district, its debt limitation is increased by the lesser of $5,000,000 or 1.5% of the value of the property within the district.

The amount of Working Cash Fund bonds (and the maximum amount that can be in the Working Cash Fund) of such a district is increased from 85% of the taxes permitted to be levied for the current year for educational purposes plus 85% of the last known entitlement of Corporate Personal Property Replacement Taxes to 125% of each of these factors.

Information/Questions
Questions concerning the financial monitoring efforts of the State Board can be directed to the School Financial Management Services Division at 217/785-0583.

Short-Term Debt Summary
Table 14 provides a summary of the use of short-term debt by school districts from 1993-94 through 1997-98. The number of districts issuing short-term debt decreased each year. The amount of short-term debt issued has substantially decreased from $194,204,584 in 1993-94 to $132,494,750 in 1997-98.

Illinois Financial Advisory Committee
Section 2-3.27 of the School Code requires the Illinois State Board of Education to formulate and approve forms, procedures, and regulations for school district accounts and budgets; to advise and assist the officers of any district in respect to budgeting and accounting practices; and to confer with various district, region, and state officials. The Illinois Financial Advisory Committee is appointed by the State Superintendent and functions to aid the Illinois State Board of Education in achieving these duties.

Mission Statement
The Illinois State Board of Education has adopted a leadership agenda with (15) strategic commitments to build a vision of “Standard – Based Excellence for Every Learner.” Quality school business management services will strengthen these commitments and help assure all schools have the resources necessary to prepare students to meet the Illinois Learning Standards. In accordance with the leadership agenda and (5) priorities adopted by the Illinois State Board of Education, the
Table 14

Summary of School District Short-Term Debt

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</table>

* A district may be counted more than once if two or more short-term debt instruments are utilized.
Illinois Financial Advisory Committee will support the State Superintendent of Education and his staff in Stepping Up To Make Education in Illinois “Second to None.”

The Illinois Financial Advisory Committee shall endeavor to improve the efficiency and effectiveness of school business management at the state and local levels through various means, such as position papers, research and analysis, resolutions, and general/specific recommendations. The Committee shall review and propose legislation dealing with school finance and school business management practices.

The Illinois Financial Advisory Committee is committed to making education in Illinois “Second to None” and adopts as its goals:

- Advising the State Superintendent of Education and his staff of problems related to school finance – budgeting, accounting, financial reporting, administrative applications of technology, business management, legislation needing clarification or study and as to the ways/means of aligning school finance to achieve ISBE goals and priorities.
- Providing opportunities for accountants, attorneys, auditors, professors, school administrators, township treasurers, and State government personnel to discuss school financial management issues.

The committee shall adopt annually an agenda developed by the Executive Committee which will be presented to the State Superintendent of Education. Concluding each committee year, the Executive Committee shall report the activities of that year to the State Superintendent of Education.

Fiscal Year 2001 Issues
Issues selected for study by the Illinois Financial Advisory Committee For Fiscal Year 2001 include:

1) Financial Assurance and Accountability System (FAAS);
2) ILEARN;
3) School-Based Budgeting/Reporting;
4) School District Reorganization;
5) School Safety and Educational Improvement Block Grants; and
6) Potential Shortage of Certified Staff/Administrators.

Illinois Pupil Transportation Advisory Committee
The Illinois Pupil Transportation Advisory Committee is charged with and participates in the review of all aspects of pupil transportation and makes recommendations for changes to the Illinois State Board of Education.

The committee has recommended a completely revised pupil transportation reimbursement formula, which would have a uniform system of reimbursements for all types of pupil transportation and would include reimbursement for activities (such as field trips) that are not currently reimbursable. The committee has also recommended reimbursement for preschool transportation. However, this proposal did not make it to the floor of the House or Senate.

The committee continues to review proposed legislation affecting pupil transportation.

Membership of the committee includes regional superintendents or assistant superintendents from each of the six ESR Areas; representatives from Chicago School District 299, the Office of the Secretary of State, the Illinois State Police, the Illinois Department of
Transportation, the Illinois State Board of Education, the Illinois Association for Pupil Transportation, the Illinois Association of School Business Officials, the Illinois Commerce Commission, the Illinois School Transportation Association, a school district superintendent, a representative from school transportation contractors; and will have a representative of the Illinois PTA as a new member beginning with FY01.

**Educational Funding Advisory Board**

The [Education Funding Advisory Board](#) was appointed by Governor Ryan in June 2000. The ongoing board, chaired by Robert Leininger, consists of five voting members and twelve non-voting members. Its specific charge was to recommend, in its January 2001 report, a General State Aid foundation level and poverty grant amounts. Due to the relatively short time frame, the report provided recommendations for Fiscal Year 2002 only. Those recommendations were incorporated in the State Board of Education Fiscal Year 2002 budget proposal. The recommendations included a foundation level of $4,560 and the use of the greater of the prior year or prior 3-year average daily attendance. In addition, it was recommended that the poverty threshold be lowered from 20% to 15% and poverty grant amounts be replaced with a percentage of the foundation level.
On December 4, 1997, Governor Edgar signed House Bill 452, which created a School Infrastructure Fund to provide Construction Grants and Debt Service Grants under the School Construction Law. It earmarked $1.4 billion in state funds over five years for these grants. The Illinois State Board of Education (ISBE) and the Capital Development Board (CDB) are jointly responsible for administering the program. ISBE’s responsibilities include approval of districts facilities plans, calculation of grant indexes for school districts, awarding Construction Grant Entitlements, and awarding Debt Service Grant Entitlements and Grants. CDB’s responsibilities include developing construction project standards, space and capacity standards and awarding Construction Grants.

Eligibility
In order to be eligible for the Construction Grants, school districts must submit applications and district facilities plans to ISBE on forms supplied by ISBE. The district facilities plans include an assessment of present and future district facility needs based on present and anticipated educational programming, the availability of local financial resources, a fiscal plan for meeting present and anticipated debt service obligations, and a maintenance plan and schedule for the facility or facilities.

Application Summary

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Applications for FY2001 Construction Grants were due April 1, 2000.

Debt Service Grants
Debt Service Grants were awarded by ISBE to assist school districts that passed construction bond referenda between January 1, 1996, and January 1, 1998. The grants were equal to 10% of the principal amount of bonds issued times the grant index for the district. The grant funds were only to be used to retire the principal of approved school construction bonds, restructure the district debt to reduce future bond and interest tax levies or to abate property taxes levied for a district’s bond and interest fund by an amount equal to the amount of the Debt Service Grant. The debt service program terminated on June 30, 1999.

Construction Grant Entitlements and Grants
Construction Grant Entitlements are awarded to local districts based on their degree of need and project type within prescribed categories. The categories include:

1) replacement or reconstruction of school buildings destroyed or
damaged by man-made or natural disasters,
2) shortage of classrooms due to population growth or to replace aging buildings,
3) projects resulting from interdistrict reorganization of school districts contingent on local referenda,
4) replacement or reconstruction of school facilities determined to be severe and continuing health and life safety hazards,
5) alterations necessary to provide accessibility for qualified individuals with disabilities, and
6) other unique solutions.

Once school districts have been issued a Construction Grant Entitlement by ISBE they must conduct a local referenda, if required by law to authorize the project or financing.

CDB makes Construction Grant awards to districts entitled by ISBE based upon the availability of appropriated funds. The amount of a Construction Grant is equal to the recognized project cost (as determined by CDB) times the district’s Grant Index (as determined by ISBE).

Grant Index

The Grant Index represents the state share of recognized project costs. It is calculated based on a district’s wealth (equalized assessed valuation divided by average daily attendance) compared to the wealth of the district at the 90th percentile of wealth for all districts of the same type. Districts with wealth at or above the 99th percentile for their type are assigned a Grant Index of 0. The remaining districts, depending on their wealth, receive a grant index ranging from 0.35 (for wealthy districts) to 0.75 (for poor districts).

School Maintenance Grant Program

Public Act 91-38 amended the School Construction Law to create the Maintenance Grant Program. The Maintenance Grant Program is a dollar for dollar state matching program for school maintenance projects (other than school construction projects) up to $50,000 to provide for the maintenance or upkeep of buildings or structures for educational purposes, but does not include operational costs. A project may involve different types of work on a single building or structure, or may involve a single type of work on several buildings or structures.

Eligibility:

- All school districts are eligible.
- The maximum amount for each project/application is $50,000 (Applications may be for less than $50,000.)
- Districts are required to provide a dollar for dollar match equal to the state share.
- A district may submit more than one application.
- Emergency applications may be submitted at any time.
- FY 2000 projects were started on or after May 1, 1999.
- Each application must be reviewed and approval by the Regional Superintendent (ROE will forward application to ISBE.)
- Projects submitted under Health/Life Safety must have an approved amendment from ISBE.

Grant Awards:

- For FY2000, 2,315 applications were received and 876 grants totaling $51.5 million were awarded.
For Further Information
Detailed information about either program may be obtained from the School Construction Services Division at 217/785-8779.
APPENDIX A

Selected Bibliography on K-12 Education
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___, “Is Equity Dead In Illinois?”, *The Journal of School Business Management,* Volume 11 No. 2, Fall 1999


___, *Performance Rankings of Illinois School Districts.* Springfield,


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APPENDIX B

Glossary

ADMINISTRATIVE CAP: An abbreviated way of referring to the limitation of administrative costs imposed upon school districts by Section 17-1.5 the School Code.

ALTERNATE BONDS: Bonds which may be issued pursuant to the Local Government Debt Reform Act and other applicable law(s) whenever a district has a lawfully available revenue source sufficient to provide in each year an amount not less than 1.25 times the debt service requirement on any outstanding alternate bonds payable from such revenue source. The revenue source must be pledged to the payment of the alternate bonds and the district must covenant to provide for, collect and apply the revenue source to the payment of the bonds plus an additional .25 times the debt service amount. The issuance of alternate bonds is subject to a backdoor referendum.

ASSESSED VALUE: The value placed on property for tax purposes and used as a basis for division of the tax burden. This amount is subject to the state-issued equalization factor and the deduction of the homestead exemptions.

AVERAGE DAILY ATTENDANCE (ADA): The aggregate number of pupil days in attendance divided by the number of days in the regular school session. A pupil who attends school for five or more clock hours while school is in session constitutes one pupil day of attendance. The best three months average daily attendance of the prior year is used in calculating General State Aid for the current year.

AVAILABLE LOCAL RESOURCES: A computation of local financial support, calculated on the basis of average daily attendance and derived from local property taxes and Corporate Personal Property Replacement Taxes expressed on the basis of pupils in average daily attendance. The equalized assessed valuation used in this calculation shall be determined as of the previous September 30. The dollar amount of property taxes used in the computation shall be the product of the equalized assessed valuation multiplied by 3.00%, 2.30% and 1.05% for unit, elementary and high school districts, respectively, divided by the district average daily attendance. The Corporate Personal Property Replacement Tax dollar amount used in the computation shall be based on the amount of said taxes paid the district two years before the calendar year in which a school year begins divided by the average daily attendance figure. The sum of the property tax dollars per pupil and Corporate Personal Property Replacement Tax dollars per pupil shall constitute the available local resources for purpose of the General State Aid computation.

BOND: A written promise, signed by the president and clerk or secretary of the board, to pay a specified sum of money (the face value) at a fixed time in the future (the date of maturity) and at a fixed rate of interest.
**BONDING POWER REMAINING:** The difference between the statutory debt limitation (6.9% of equalized assessed valuation in dual districts and 13.8% in unit districts) and the amount of long-term debt outstanding less bonds outstanding that are excluded by statute. The statutory debt limitation may be 15% when certain requirements are met (Section 19-1, the School Code). Special debt limitations in excess of the statutory limitations are sometimes established by law for districts that meet specific requirements.

**BUILDING BONDS:** Bonds sold for the purpose of acquiring or constructing school buildings and/or sites for school buildings.

**CAPITAL DEVELOPMENT BOARD:** The state agency responsible for developing school sites, buildings, and equipment to meet the needs of school districts unable to provide such facilities because of lack of funds and constitutional bonding limitations. The board also approves funds for area vocational centers and administers school facilities legislation in cooperation with the Illinois State Board of Education. The State Board of Education establishes eligibility standards and the priority needs standards and notifies the Capital Development Board of approved construction projects. The State Board of Education is empowered to issue grants to school districts, subject to appropriations for such purposes. The Capital Development Board receives and approves school construction project grants.

**CAPITAL OUTLAY:** Expenditures for infrastructure, buildings, and equipment.

**CATEGORICAL AID:** Money from the state or federal government that is allocated to local school districts for children with special needs or for special programs.

**CERTIFICATES OF PARTICIPATION (COPS):** A relatively new form of financing school construction. Section 10-22.12 of the School Code authorizes districts to lease for a period not exceeding 99 years any building, rooms, grounds and appurtenances to be used by the district for the use of schools or for school administration purposes. A school district enters into such a lease agreement (usually with a local bank) for a building that has not yet been built. The bank issues Certificates of Participation to investors to acquire the funds to purchase property, build and equip a building, etc. The lease payments made by the district are used to pay interest on and retire the principal of the COPS.

**COLLAR COUNTIES:** The five counties that border on Cook County--DuPage, Kane, Lake, McHenry, and Will Counties.

**COMMON SCHOOL:** A term used interchangeably with "local education agency," "local school district," and "public school."

**COMPARABILITY:** Equalization of services funded by state and local resources in Title 1 and non-Title 1 attendance centers ("comparability") must be attained before IASA, Chapter 1 funds can be authorized.

**CORPORATE PERSONAL PROPERTY REPLACEMENT TAXES:** A state tax on the net income of corporations, partnerships and trusts and an invested capital tax on utilities were enacted in 1979 to replace the local tax on the assessed value of corporate personal property. These are taxes paid in lieu of taxes paid on 1978 and prior years' corporate personal property assessed valuation.
DEBT SERVICE: Expenditures made for principal and interest payments on long-term and short-term debt during the fiscal year.

DEBT SERVICE EXTENSION BASE (DSEB): For districts subject to the provisions of the Property Tax Extension Limitation Law (PTELL), the DSEB is the portion of the district’s property tax extension for the payment of principal and interest on the district’s non-referendum bonds, not including alternate bonds or bonds issued to refund or continue to refund bonds that were initially issued pursuant to referendum, for the levy year in which the referendum was held which made the PTELL applicable to the district. For districts in Cook and the Collar Counties, 1994 tax extensions (extended, collected, and distributed in 1995) for such bonds constitute the DSEB. A taxing district with no DSEB or a small DSEB is authorized to create or increase its DSEB pursuant to referendum.

DUAL SCHOOL SYSTEM: The situation in which a separate elementary district (grades pre-K-8) and a high school district (grades 9-12) serve the same geographic area.

EFFECT: See TAX EFFORT.

EQUALIZATION: The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on the average, to a uniform level of market value.

EQUALIZATION FACTOR (state multiplier): The factor that must be applied to local assessments to bring about the percentage increase or decrease that will result in an equalized assessed valuation equal to one-third of the market value of taxable property in a jurisdiction (other than farm acreage and buildings and other than coal rights).

EQUALIZED ASSESSED VALUE: The assessed value multiplied by the state equalization factor; this gives the value of the property upon which the tax rate is calculated after deducting homestead exemptions, if applicable. For farm acreage, farm buildings, and coal rights, the final assessed value is the equalized value.

EXEMPTION: Removal of property from the tax base. Exemption may be partial, as a homestead exemption, or complete as, for example, a church building used exclusively for religious purposes.

EXTENSION: 1) The process in which the county clerk determines the tax rate needed to raise the revenue (levy) certified by each school district in the county. 2) The actual dollar amount billed to the property taxpayers in a district.

FORMULA GRANT: A grant for state and/or federal funds to a state or school district, the amount of which is determined by a formula included in the legislation. Such grants must be applied for, and the state or school district is usually required to submit to the funding agency data to support its entitlement, an acceptable plan for use of funds, and assurance of compliance with state and/or federal laws and regulations.

FOUNDATION LEVEL: A figure established by the state representing the minimum level of per pupil financial support that should be available to provide for the basic education of each pupil in average daily attendance. In statute, each school district is assumed to exert a sufficient local taxing effort such that, in combination with the aggregate of general state financial aid provided the district, an aggregate of
state and local resources are available to meet the basic education needs of pupils in the district. The foundation level of support is $4,225, $4,325, and $4,425 for the 1998-1999, 1999-2000, and 2000-2001 school years, respectively. For the 2001-2002 school year and beyond, the foundation level of support is $4,425 or such greater amount as may be established by law by the General Assembly.

FUNDING BONDS: Bonds issued to provide funds for the purpose of paying outstanding teachers’ orders/employees’ orders or other claims against a district. Subject to backdoor referendum.

GENERAL STATE AID ADJUSTMENT GRANT: A grant that is an attempt to compensate for the inequities created by the General State Aid formula for those districts impacted by the Property Tax Extension Limitation Law (see 105 ILCS5/18-8.05(G)(3) definitions).

GENERAL STATE AID ANTICIPATION CERTIFICATES: Short-term debt instruments that may be utilized by school districts. The borrowing limit is 75% of the General State Aid remaining to be paid to any district during a fiscal year. However, the total amount of General State Aid Anticipation Certificates, Tax Anticipation Notes, and Tax Anticipation Warrants outstanding for any fiscal year may not exceed 85% of the taxes levied by the district for that year. Additional authority has been granted to districts to borrow up to 100% of the General State Aid to be received in July.

GRANT INDEX FOR ASBESTOS ABATEMENT: A formula index designed to determine a state grant entitlement for asbestos abatement. The Asbestos Abatement Grant Index is equal to one minus the ratio of the district's equalized assessed valuation per pupil in weighted average daily attendance to the equalized assessed valuation per pupil in weighted average daily attendance of the district located at the ninetieth percentile for all districts of the same type (elementary, high school, or unit). The grant index may not be less than 0.5000 and no greater than 1.0000. All nonpublic schools are eligible for state reimbursement in the amount equal to 50% of the cost of corrective action if funds are appropriated by the legislature.

GRANT INDEX FOR SCHOOL CONSTRUCTION: A formula index used to establish the level of state financial obligation in a school construction project. The School Construction Grant Index is calculated using the same formulas as the grant index for asbestos abatement and makes comparisons by district type (elementary, high school, and unit). The amount of the School Construction Grant Index may not be less than 35% nor greater than 75% of the recognized project costs.

INTERFUND LOANS: Loans between funds as authorized by Sections 10-22.33 and 20-4, the School Code.

INTERFUND TRANSFERS: Transfers of money from one fund to another without a requirement for repayment as authorized by Sections 10-22.44, 17-2A, 17-2B, and 20-5, the School Code.

JOINT AGREEMENT AND/OR COOPERATIVE: An educational program or programs in which two or more local education agencies and/or eligible institutions of higher education agree to participate by uniting efforts in accordance with a written agreement and by designating a fiscal and legal agent.

LEVY: The amount of money a school district certifies to be raised from the property tax.
LIMITED TAX BONDS: Districts subject to the PTELL may issue limited bonds (also known as “limited tax bonds”) in accordance with the provisions of Section 15.01 of the Local Government Debt Reform Act as amended. Limited tax bonds are non-referendum general obligation bonds, payable from the district’s debt service extension base (DSEB). Limited tax bonds can only be issued in lieu of bonds otherwise authorized by applicable law and are subject to all of the same debt limits, procedural requirements and any other limitations applicable to such bonds.

OPERATING EXPENSE PER PUPIL: The gross operating cost of a school district (excepting summer school, adult education, bond principal retired, and capital expenditures) divided by the average daily attendance for the regular school term. (See Appendix H for a sample district computation.)

OPERATING TAX RATE: All school district property taxes extended for all purposes, except community college educational purposes for the payment of tuition under Section 6-1 of the Public College Act (110 ILCS 805/6-1), Bond and Interest, Summer School, Rent, Capital Improvements, and Vocational Education Building purposes.

PER CAPITA TUITION CHARGE: The amount a local school district charges as tuition to nonresident students as defined by Sections 18-3 and 10-20.12a of the School Code. The per capita tuition charge is determined by totaling all expenses of a school district in its educational, operations and maintenance, bond and interest, transportation, Illinois Municipal Retirement/ Social Security, and rent funds for the preceding school year less expenditures not applicable to the regular K-12 program (such as adult education and summer school), less offsetting revenues from state sources except those from the Common School Fund, less offsetting revenues from federal sources except those from federal impaction aid, less revenues from student and community services, plus a depreciation allowance and dividing this amount by the average daily attendance for the year. The average daily attendance during the regular school term is adjusted by the average daily attendance of pupils tuitioned in and tuitioned out. (See Appendix H for a sample district computation.)

PREVAILING WAGE RATE LAW: A component of the Prevailing Wage Rate Law (820 ILCS 130/1 et seq) which concerns the basic rate of pay for certain occupations within a geographic area as determined by the Illinois Department of Labor. This wage rate information should be made available to bidders and be required as part of all bids relating to construction projects and any other projects required by law.

PUBLIC BUILDING COMMISSION (PBC): A municipal corporation from which local government taxing authorities lease facilities. The PBC is directed by these local governments to acquire land, contract for construction and issue revenue bonds for projects. Since the PBC has no statutory authority to levy taxes, it submits its annual budget to each local government that enters into lease agreements with the PBC. Annual payments on these leases are included in the local government's property tax extensions. House Bill 2132/Public Act 88-304 (effective January 1, 1994) prohibits school districts in counties of less than three million population (all except Cook) from using a Public Building Commission.

QUADRENNIAL ASSESSMENT: The general assessment year that occurs
every four years when all property assessments are reviewed. (See TRIENNIAL ASSESSMENT.)

REFUNDING BONDS: Bonds sold to pay off other bond issues, other evidences of indebtedness, and the accrued interest on those bonds or other evidences of indebtedness.

REGIONAL SUPERINTENDENT: The chief school officer for the county or counties that comprise an educational service region. The regional superintendent exercises supervision and control over school districts and cooperatives within that region. There are 45 regional superintendents in Illinois.

STATE AID FORMULAS: The formulas legislated by the General Assembly for apportioning General State Aid and certain categorical aids.

TAX ANTICIPATION NOTE: An instrument of short-term indebtedness issued by a specific taxing body and representing a general obligation of the body. Notes may be issued in an amount (including principal, interest, and costs of note issuance) not to exceed 85% of the taxes levied. The notes may bear an interest rate not exceeding 9% per annum or 125% of the rate for the most recent data shown in the 20 General Obligation (G.O.) Bonds Index of average municipal bond yields, as published in the most recent edition of The Bond Buyer at the time the contract is made for the sale. No notes may be issued during any fiscal year in which there are tax anticipation warrants outstanding against the tax levied for that fiscal year.

TAX ANTICIPATION WARRANT: An instrument of short-term indebtedness backed by the anticipation of specific tax revenues. Warrants are issued by a school district in anticipation of the collection of taxes and may be issued to the extent of 85% of the total amount of the tax levied. These warrants must be repaid upon receipt of tax monies by the district and may bear an interest rate not exceeding the greater of 9% per annum or 125% of the rate for the most recent data shown in the 20 General Obligation (G.O.) Bonds Index of average municipal bond yields, as published in the most recent edition of The Bond Buyer at the time the contract is made for the sale.

TAX CAPS: An abbreviated way of referring to the tax increase limitations imposed by the Property Tax Extension Limitation Law, Public Act 87-17, effective October 1, 1991, as amended.

TAX EFFORT: The extent to which a local school district levies local taxes for schools.

TAX INCREMENT FINANCING (TIF): A property tax-related economic development incentive. A specifically defined district in need of special assistance is created by a local city, town or county. The total equalized assessed value (EAV) at the time of creation is measured and frozen. Bonds are floated to pay for public infrastructure costs or to help the developer through low-interest loans or lowered land prices. These long-term bonds are paid off from the additional property tax revenue generated by the property tax in the district above the amount of tax revenue generated from the frozen tax base.

TAX RATE: The amount of tax due stated in terms of a percentage of the tax base. Example: 2.76% of equalized assessed valuation is a representation of a tax rate of $2.76 per one hundred dollars of equalized assessed valuation of property.
**TAX-RATE LIMIT:** The tax-rate limit is the maximum tax rate that the county clerk may extend. Illinois law authorizes maximum tax rates without referendum, but districts may increase tax rates, within limits, subject to voter approval. A backdoor referendum provision exists; when the board proposes a tax rate increase and it is not opposed by the required number of electors within a stated time period, the board obtains the authority to increase the tax rate. A limited number of tax rates exist without a tax-rate limit.

**TEACHERS’ ORDERS:** Teachers’ payroll warrants issued by a school district, which may be cashed at a local bank. By agreement between the school district and the bank, the district will redeem the orders at some future date and pay the bank a stipulated rate of interest not exceeding the greater of 9% per annum, or 125% of the rate for the most recent data shown in the 20 General Obligation (GO) Bonds Index of average municipal bond yields, as published in the most recent edition of *The Bond Buyer* at the time the contract is made for the sale.

**TOWNSHIP MULTIPLIER:** The equalization factor that is used by most counties other than Cook County to bring township property assessments in line with current sales prices for property in that township. For example, if a township has not been assessed for two years, the township multiplier would reflect the change in property values over those two years. A township multiplier of 1.1 would mean, on average, property tax values in this township have increased by 10 percent since the last time the property was assessed.

**TRIENNIAL ASSESSMENT:** In 1990, Cook County switched from a quadrennial to a triennial assessment system. Under the triennial system, property will normally be assessed once every three years. The valuation of individual properties will stay the same for the two years between reassessments. Exceptions to this occur when there have been changes in the property in the years between regular assessments (usually due to new construction or improvements to the property). In 1990, the southern Cook County suburbs were reassessed. In 1991, the entire City of Chicago was reassessed and in 1992, the northern Cook County suburbs were reassessed to round out the first triennial assessment cycle.

**TRUTH IN TAXATION ACT:** Legislation approved and effective July 29, 1981, that provides procedures for public notice and public hearings on tax increases greater than 105% of the prior year’s extension.
APPENDIX C

General State Aid

Fiscal Year 2000 is the second year of the new General State Aid formula, which was enacted as Public Act 90-548 in December 1997. Two changes were made to the new formula for the 1999-2000 school year. Public Act 91-96 lowered the formula calculation rate for high school districts from 1.20% to 1.05%. Public Act 91-111 repealed the General State Aid Adjustment Grant (Section 18-8.05 (N) of the School Code) and in its place incorporated the “double whammy” calculation into the formula (Section 18-8.05 (G)(3)). This calculation is intended to provide additional funding to school districts subject to the Property Tax Extension Limitation Law (PTELL). In addition to the formula changes, Public Act 91-111 provided for two one-time grants, one for districts in the South triad of Cook County and the other for downstate districts.

General State Aid Formula

The General State Aid Formula is basically a foundation approach with three separate calculations, depending on the amount of property wealth of the local school district. The first formula is referred to as the “Foundation” formula. A significant provision of the General State Aid formula is the setting of foundation levels in statute and the guaranteed funding of those levels of support. Foundation levels of $4,225 in 1998-99; $4,325 in 1999-00 and $4,425 in 2000-01 are guaranteed by statute in case the actual appropriation is insufficient. Most districts receive General State Aid under this formula. Districts qualifying for this formula have available local resources per pupil less than 93% of the foundation level. The second formula is the “Alternate” formula. Districts qualifying for this formula have available local resources per pupil at least 93% but less than 175% of the foundation level. The third formula is the “Flat Grant” formula. Districts qualifying for this formula have available local resources per pupil at least 175% of the foundation level.

The best three months average daily attendance continues to be the measure of pupils. Only the prior year average daily attendance is used to calculate General State Aid. The formula calculation rates are 3.00% for unit districts, 2.30% for elementary districts and 1.05% for high school districts. These rates are used for formula calculation purposes only. There is no required tax rate for access to the formula. The Flat Grant in the formula is $218 per student.

The State Aid Formula has a mechanism to provide additional funding for the impact of poverty in the district. A separate calculation is used. A district must have at least 20% of its students designated as low income in order to qualify for any additional funding. In 1999-2000, districts with at least 20% but less than 35% low-income concentration receive $800 for each low-income student. Districts with at least 35% but less than 50% low-income concentration receive $1,243 for each low-income student. Districts with at least 50% but less than 60% low-income concentration receive $1,600 for each low-income student. Districts with at least a 60% low-income concentration receive $2,000 for each low-income student. These dollar amounts will change to $800, $1,273, $1,640 and $2,050, respectively, in 2000-01.
**Calculation of Available Local Resources and Local Percentage**

Available Local Resources = (GSA EAV \(\times\) RATE + CPPRT) / ADA

Local Percentage = \(\frac{\text{Available Local Resources}}{\text{FLEVEL}}\)

Where:

- **RATE** = 2.30% if Elementary, 1.05% if High School, 3.00% if Unit
- **FLEVEL** = $4,325 for 1999-2000
- **CPPRT** = Corporate Personal Property Replacement Taxes
- **ADA** = Prior Year Best 3 Months Average Daily Attendance
- **GSA EAV** = smaller of (Budget Year EAV, Extension Limitation EAV)

And Where:

Extension Limitation EAV = Prior Year EAV \(\times\) Extension Limitation Ratio (ELR)

\[\text{ELR} = \frac{\text{Budget Year EAV} \times \text{Budget Year Limiting Rate}}{\text{Prior Year EAV} \times \text{Prior Year OTR}}\]

**Foundation Formula**

General State Aid is calculated using the Foundation formula if the district Local Percentage is less than 93%.

The formula is: \(\text{GSA Foundation} = (\text{FLEVEL} - \text{Available Local Resources}) \times \text{ADA}\)

**Alternate Formula**

General State Aid is calculated using the Alternate formula if the district Local Percentage is at least 93% but less than 175%.

This formula provides between 7% and 5% of the FLEVEL per ADA. The formula is:

\(\text{GSA Alternate} = \text{FLEVEL} \times \text{ADA} \times \left[0.07 - \left(\frac{\text{Local Percentage} - 0.93}{0.82}\right) \times 0.02\right]\)

**Flat Grant Formula**

General State Aid is calculated using the Flat Grant if the district Local Percentage is at least 175%.

The formula is: \(\text{GAS Flat Grant} = \text{ADA} \times 218\)

Hold Harmless

A hold harmless provision is included in Section 18-8.05 (J) of the law. If, for any district in 1999-2000, the formula yields less than the sum of the district 1997-98 General State Aid and 1997-98 Hold Harmless, a separately appropriated grant will be made to hold those districts harmless to the 1997-98 levels. Districts will be eligible (subject to appropriation) to receive Hold Harmless grants in all subsequent years if the amount of General State Aid the district receives is below the 1997-98 levels described above. Funding for this hold harmless provision is guaranteed through the 2000-2001 school year through a continuing appropriation.

Special One-Time Grants

There are two other provisions in Public Act 91-111 that influence the General State Aid entitlement of selected districts. The first provision provides additional funding to districts in the South triad of Cook County. This is a one-time grant, based on a prior year double whammy calculation (See Appendix C). The second provision is for districts outside the counties of Cook, DuPage, Kane, Lake, McHenry and Will. These districts received a one time grant to partially offset their loss if the sum of the General State Aid and Hold Harmless entitlements for 1999-2000 were less than the sum of those same General State Aid entitlements in 1998-99. The $14 million appropriated for this purpose was sufficient to fund downstate districts at approximately 35% of the entitlement decreases.

Laboratory and Alternative Schools

Laboratory schools operated by public universities and alternative schools operated by Regional Offices of Education and Educational Service Regions are also eligible for General State Aid. Since these schools have no property tax base, the GSA entitlements for such districts are calculated in a special manner. The GSA provided to a laboratory, alternative school or safe school is determined by multiplying the school’s best three months average daily attendance for the prior school year by the foundation level ($4,325 for Fiscal Year 2000).

Collectively, Illinois State University’s laboratory school, the University of Illinois laboratory school and 65 alternative/safe schools received total GSA funding of $15.20 million in Fiscal Year 2000.

State Funding Distributions

The 778 districts funded under the foundation computation constitute 80.8% of Illinois school districts and receive approximately 96.6% of the total GSA allocation. Foundation funded districts account for approximately 78.7% of the state ADA student total. The 138 Alternate method districts (14.3% of school districts) receive 3.0% of the GSA allocation and represent 18.1% of the state ADA student total. Flat Grant districts (47 in number and 4.9% of total districts) receive 0.4% of the GSA allocation and reflect 3.3% of the state ADA student total.

Of the 896 regular school districts allotted General State Aid, 409 (42.5%) are unit districts, 103 (10.7%) are secondary districts, and 384 (39.9%) are elementary districts. Unit districts received 74.3% of 1999-00 GSA funds, secondary districts received 5.6% of the funds, and elementary districts received 19.6% of the GSA funds.

In applying the General State Aid formula to the available appropriations in a given year, the State Board of Education takes into consideration certain financial adjustments. It is common for a district to have an audit adjustment to a prior year’s GSA claim.
Audits to determine the accuracy of each district’s GSA claim are conducted by staff of the State Board of Education. Such audits result in either upward or downward adjustments to a district’s current-year payments. In addition, some districts qualify in certain years for GSA adjustments as a result of changes in prior-year equalized assessed valuations due to adverse court decisions or Property Tax Appeal Board decisions (See Sections 2-3.33, 2-3.51 and 2-3.84 of the School Code). Generally, there is a net increase to the yearly aggregate GSA entitlement as a result of these prior-year adjustments.

General State Aid Payment Schedule

Section 18-11 of the School Code provides for semimonthly General State Aid payments to be made during the months of August through July. These semimonthly payments are in an amount equal to 1/24 of the total amount to be distributed. The School Code provides that General State Aid payments are to be made “as soon as may be after the 10th and 20th days of each of the months . . . .”

A provision in the State Finance Act authorizes the governor to notify the state treasurer and the state comptroller to “effect advance distribution to school districts of amounts that otherwise would be payable pursuant to Section 18-8.05 of the School Code.” The governor has exercised this accelerated payment authority in the past several fiscal years. In Fiscal Years 1990, 1991 and 1994, both September payments were advanced and paid at the same time the second payment of August was made. In Fiscal Years 1992, 1993 and 1995, the September payments were made in August, but after the regular second payment was made. There was no advance distribution in Fiscal Years 1996 and 1997. However, in Fiscal Year 1998 there was one advance payment; two advance payments in Fiscal Year 1999 and two advance payments in Fiscal Year 2000 are anticipated (to be made in June 2000). General State Aid payments, while designated for specific districts, are paid to Illinois’ regional school superintendents. Regional superintendents in turn are obliged to distribute these payments, with any attributable interest income, to each district within their regions.

The State Comptroller’s Office releases GSA warrants (payments) at about 2:00 p.m. on payment day. Regional superintendents from DuPage, Macon, and the St. Clair regions have representatives who pick up their warrants. Forty-one regional superintendents have the warrants deposited directly into the Illinois Public Treasurers’ Investment Pool. Most of the remaining regional superintendents have designated Springfield bank personnel to pick up the warrants. Local Springfield bankers forward payments by wire the next working day to the local bank designated by each regional superintendent. School district treasurers in Cook County receive their districts’ GSA payments by wire transfer from the Comptroller’s Office.

Typically, warrants (payments) are available on the 11th and 21st days of the month, or on the following working day if the payment date falls on a weekend or a holiday.

Attendance, Calendar and Special Requirements for General State Aid

Recognition

General State Aid is distributed to Illinois school districts that maintain “recognized district” status. Recognized district status is achieved pursuant to
the periodic reviews of a district by staff of the Illinois State Board of Education. Recognition activities are designed to assure that districts comply with the required standards of state law. Any school district that fails to meet the standards established for recognition by the state superintendent of education for a given year is ineligible to file a claim upon the Common School Fund for the subsequent school year. In case of non-recognition of one or more attendance centers in a school district otherwise operating recognized schools, the entitlement of the district is to be reduced in the proportion that the average daily attendance (ADA) in the non-recognized attendance center, or centers, bears to the ADA in the school district.

Plan Requirements
In addition to the general requirement of maintaining recognition, school districts must also adhere to a variety of other legislated standards in order to receive state financial support. Several of these are enumerated in the sections which follow.

The General State Aid law requires all school districts, except Chicago, with more than 1,000 and less than 50,000 pupils in average daily attendance (ADA), to submit an annual plan to the State Board of Education describing the use of the state funds generated as a result of that district’s low-income pupils. This plan is intended to provide for the improvement of instruction with a priority of meeting the needs of educationally disadvantaged children. These plans are submitted in accordance with rules and regulations promulgated by the State Board of Education.

The state’s largest district, Chicago District 299, is also required to provide planning information for its services to low-income students. Unlike other districts, however, District 299 must distribute at least $261 million on a formula basis. This statutory requirement provides that a major segment of these funds be distributed to the attendance centers within District 299 in proportion to the number of pupils enrolled in the attendance centers who are eligible to receive free or reduced-price lunches or breakfasts under the Federal Child Nutrition Act. Chicago must submit an annual plan to ISBE that depicts this distribution of funds and discusses the services available as a result of this funding.

School Calendar
Public schools in Illinois are required to adopt a calendar that provides for 185 school days, including at least 180 days of pupil attendance and will allow for up to five emergency closure days during the school year. Up to four days of the 180 days of actual pupil attendance may be utilized for scheduled teacher institutes and in-service training. Requirements for the school calendar are the same for those school districts which operate on a full-year basis.

Teacher institutes are approved for each district by the respective regional superintendent of schools. Equivalent professional educational experiences such as visitations to educational facilities are allowable as approved training.

Under certain conditions teacher in-service training and parent-teacher conferences may be provided in partial-day increments. Section 18-8.05 provides specific guidance concerning the computation of pupil attendance for state aid purposes for such partial-day attendance.

Section 24-2 of the School Code provides for a number of legal school holidays. Teachers may not be required to teach on national holidays or the state school holidays: Columbus Day,
Veterans’ Day, and the days which honor the births of Abraham Lincoln, Martin Luther King, Jr. and Casimir Pulaski. As a result of a 1994 court decision, the state cannot mandate Good Friday as a state holiday; however, individual school districts may elect to observe Good Friday as a non-attendance day. If the school district decides to teach on a legal school holiday, they are required to file a waiver for approval with the ISBE.

School districts which fail to operate schools for the required number of pupil attendance days may be subject to the loss of General State Aid. The financial loss is calculated on the basis of a daily penalty of .56818% (1 divided by 176) for each day of required operation not met.

Under certain circumstances, a district may not be penalized for failure to provide the required school calendar. These circumstances and the required waivers and approvals are described in the paragraphs which follow.

- **Act-of-God/Hazardous Threat or Adverse Weather Day.** When a school district is unable to conduct school as a result of an Act-of-God/Hazardous Threat or Adverse Weather, a district may be granted a day towards the official school calendar. Section 18-12 of the School Code allows the state superintendent of education to waive the .56818% daily penalty due to a district’s failure to conduct school for the minimum school term due to an Act-of-God/Hazardous Threat of Adverse Weather Day. The State Board of Education’s Center for School Financial Services, Division of Funding and Disbursement Services is responsible for reviewing a district’s Act-of-God/Hazardous Threat or Adverse Weather request.

- **Energy Shortage.** When the state superintendent of education declares that an energy shortage exists during any part of the school year for the state or a designated portion of the state, a district may operate the attendance centers in the district four days a week during the shortage. When such a declaration is made, a district’s GSA entitlement is not reduced, provided the district extends each school day by one clock hour of school work. State law provides that district employees are not to suffer any reduction in salary or benefits as a result of this declaration. A district may operate all attendance centers on this revised schedule or may apply the schedule to selected attendance centers.

**Pupil Attendance**

Section 18-8.05 of the School Code provides that a day of pupil attendance is to include not less than five clock hours of teacher-supervised instruction. Additional provisions apply to a district’s calculation of pupil attendance for part-time school enrollment, services to handicapped or hospitalized students, tuition-related services, dual-attendance nonpublic school children, and other special circumstances.

Resident pupils enrolled in nonpublic schools may be enrolled concurrently in public schools on a shared-time or dual-enrollment plan and may be included as claimable pupils by public school districts. Dual-enrolled pupils are counted as one-sixth of a day for each class period of instruction of 40 minutes or more in attendance in a public school district.

Exceptional children attending approved private institutions, either in or outside Illinois, may be included as claimable pupils on the basis of days attended if the district pays the tuition costs. Local
school boards may send eligible children to an out-of-state public school district and claim them for General State Aid. Pupils are nonclaimable for General State Aid if the district is claiming full reimbursement of tuition costs under another state or federally funded program or is receiving tuition payments from another district or from the parents or guardians of the child.

For handicapped children below the age of six years who cannot attend two or more clock hours because of handicap or immaturity, a session of not less than one clock hour may be counted as one-half day of attendance. Handicapped pupils less than six years of age may be claimed for General State Aid for a full day, provided the child’s educational needs require, and the student receives, four or more clock hours of instruction.

Section 10-22.5a of the School Code allows foreign-exchange students and/or nonresident pupils of eleemosynary (charitable) institutions attending a public school district on a tuition-free basis to be claimed for General State Aid purposes. A cultural exchange organization or charitable institution desiring to negotiate a tuition-free agreement with a public school district must obtain written approval from the Illinois State Board of Education.

A session of not less than one clock hour of instruction for hospitalized or homebound pupils on the site or by telephone to the classroom may be counted as one-half day of attendance. These pupils must receive four or more clock hours of instruction to be counted for a full day of attendance. If the attending physician for such a child has certified that the child should not receive as many as five hours of instruction in a school week, reimbursement is computed proportionately to the actual hours of instruction.

**Public Health Requirements**

Illinois law requires every school district to report to the Illinois State Board of Education by October 15 of each year the number of children who have received, the number who have not received, and the number exempted from necessary immunizations and health examinations. If less than 90% of those enrolled in a district on October 15 have had the necessary immunizations or health examinations, 10% of each subsequent General State Aid payment is withheld by the regional superintendent. Withholding continues until the district is in compliance with the 90% requirement.

State law also provides that a child is to be excluded from school for noncompliance with rules and regulations promulgated by the Illinois Department of Public Health for health examinations and immunizations. Under such circumstances the child’s parent or legal guardian is considered in violation of the compulsory attendance law (Section 26-1). These parents or legal guardians are subject to any penalty imposed under Section 26-10.

**Extended-Day Programs**

School districts may develop and maintain before-school and after-school programs for students in kindergarten through the sixth grade. The programs may include time for homework, physical exercise, afternoon nutritional snacks and education offerings which are in addition to those offered during the regular school day. Extended-day programs in a district are to be under the supervision of a certified teacher or a person who meets the requirements for supervising a day care center under the Illinois Child Care Act. Additional employees who are not so qualified may also be employed for such programs.

The schedule of these programs may follow the work calendar of the local community, rather than the regular
school calendar. Parents or guardians of the participating students are responsible for providing transportation for the students to and from the programs. The school board may charge parents of participating students a fee that doesn’t exceed the actual costs of the before-and-after-school programs. Attendance at extended-day programs is not included in the calculation of attendance for General State Aid purposes.
### APPENDIX D

**CODE**: 09-010-0040-25  
**REGION**: CHAMPAIGN-FORD ROE  
**DISTRICT NAME**: CHAMPAIGN COMM UNIT SCH DIST 4  

**ILLINOIS STATE BOARD OF EDUCATION**  
Division of Funding and Disbursement Services  
100 North First Street  
Springfield, Illinois 62777-0001  
**GENERAL STATE AID CLAIM FOR**  
1998 - 1999  
**PAYABLE IN 1999 - 2000**

<table>
<thead>
<tr>
<th>CALENDAR</th>
<th>DAYS OF ATTENDANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGIN Mo. - Day (1)</td>
<td>END Mo. - Day (2)</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------</td>
</tr>
<tr>
<td>1. 8-31</td>
<td>9-30</td>
</tr>
<tr>
<td>2. 10-1</td>
<td>10-31</td>
</tr>
<tr>
<td>3. 11-1</td>
<td>11-30</td>
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<tr>
<td>4. 12-1</td>
<td>12-31</td>
</tr>
<tr>
<td>5. 1-1</td>
<td>1-31</td>
</tr>
<tr>
<td>6. 2-1</td>
<td>2-28</td>
</tr>
<tr>
<td>7. 3-1</td>
<td>3-31</td>
</tr>
<tr>
<td>8. 4-1</td>
<td>4-30</td>
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<tr>
<td>9. 5-1</td>
<td>6-08</td>
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<tr>
<td>10. TOTALS</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td></td>
</tr>
</tbody>
</table>

**ATTENDANCE DATA**

12. 9 Months ADA for Per Capita Comp. (Line 10, Col. 6 minus Line 11 plus Line 10, Col. 7).....  
13. Districts Best 3 Months ADA.  

**SCHOOL CALENDAR DATA**

14. Days School Was in Session (Line 10, Col. 5).  
15. Approved Institute Days (Not to exceed four).  
16. Approved Parent-Teacher Conference Day(s) (Not to exceed two).  
17. Approved Act of God Day(s).  
18. Waiver Approved Days.  
19. Total Days (Sum of Lines 14, 15, 16, 17 and 18).
### SUPPORTING DATA

<table>
<thead>
<tr>
<th>CALENDAR</th>
<th>CLAIMABLE DAYS OF ATTENDANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGIN Mo. - Day (1)</td>
<td>END Mo. - Day (2)</td>
</tr>
<tr>
<td>8-31</td>
<td>9-30</td>
</tr>
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<td>2</td>
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<td>9</td>
<td>5-1</td>
</tr>
<tr>
<td>10</td>
<td>TOTALS</td>
</tr>
</tbody>
</table>
### GENERAL STATE AID CLAIM FOR FOR 1998-1999 PAYABLE IN 1999-2000

**PART I - COMPUTATIONAL DATA**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 1997 Orig. Equalized Assessed Val. (EAV)</td>
<td>$908,915,444</td>
<td>AA. 1997 Limiting Rate</td>
<td>4,1231</td>
</tr>
<tr>
<td>B. Adverse Court Cases</td>
<td>$0</td>
<td>BB. 1996 Original EAV</td>
<td></td>
</tr>
<tr>
<td>C. Enterprise Zone Abatements</td>
<td>$0</td>
<td>CC. 1996 Operating Tax Rate</td>
<td></td>
</tr>
<tr>
<td>D. New Industry Abatements</td>
<td>$0</td>
<td>DD. 1997 Extension Limitation Ratio [ELR]</td>
<td></td>
</tr>
<tr>
<td>E. Property Tax Appeal Board</td>
<td>-$689,226</td>
<td>EE. Prior year EAV used for Gsa calcs.</td>
<td></td>
</tr>
<tr>
<td>F. Other EAV Adjustments</td>
<td>$0</td>
<td>FF. Prior year EAV X ELR</td>
<td></td>
</tr>
<tr>
<td>G. 1997 Adjusted EAV</td>
<td>$908,226,219</td>
<td></td>
<td>$901,427,216</td>
</tr>
</tbody>
</table>

2. 1998-1999 Best Three Months Average Daily Attendance (ADA) | 8,860.67
3. 1996 Corporate Personal Property Replacement Tax (CPPRT) (received in 1997) | $1,933,593.85
4. Calculation Rate | .0300
5. 1990 Census Low Income Count | 1,220
6. District Low Income Concentration (Line 5 divided by Line 2) | .1376
7. Available Local Resources (Line 1 X Line 4 + Line 3) | $28,976,410.33
8. Local Resources Per Pupil (Line 7 divided by Line 2) | $3,270.22
9. Percentage of $4,325 (Line 8 divided by $4,325) | .7561

**PART II - FOUNDATION FORMULA CALCULATIONS (Line 9 is less than .93)**

1. $4,325 X ADA (Part I, Line 2) | $38,322,397.75
2. Available Local Resources (Part I, Line 7) | -$28,976,410.33
3. Foundation Formula Claim Amount (Line 1 - Line 2) | $9,345,987.42

**PART III - POVERTY GRANT CALCULATIONS**

<table>
<thead>
<tr>
<th>Low Income Concentration</th>
<th>Poverty Grant Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than .20</td>
<td>0</td>
</tr>
<tr>
<td>greater than or equal to .20 but less than .35</td>
<td>800</td>
</tr>
<tr>
<td>greater than or equal to .35 but less than .50</td>
<td>1,243</td>
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<tr>
<td>greater than or equal to .50 but less than .60</td>
<td>1,600</td>
</tr>
<tr>
<td>greater than or equal to .60</td>
<td>2,000</td>
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</table>

1. District Low Income Concentration | .1376
2. Poverty Grant Guarantee | | $0.00

**PART IV - SUMMARY OF 1998-1999 CLAIM PAYABLE IN 1999-2000**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Entitlement (Poverty Grant + Formula Claim Amount)</td>
<td>$9,345,987.42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment of a field audit finding on a previous claim</td>
<td>-$918,050.25</td>
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<tr>
<td>Adjustment due to property tax appeal board decision</td>
<td>$19,725.45</td>
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<tr>
<td>Adjustment due to adverse court ease and/or change in GSA EAV</td>
<td>$420,097.03</td>
<td></td>
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</tr>
</tbody>
</table>

2. Total Adjustments | -$478,224.77
3. Net Entitlement (Gross Entitlement - Total Adjustments) | $8,867,752.65

**PART V - HOLD HARMLESS GRANT**
APPENDIX E

General State Aid
1999-00

Available Local Resources as Percentage of Foundation Level

Foundation Level = $4,325

General State Aid per Pupil

$0

$1,000

$2,000

$3,000

$4,000

$5,000

.93 x FLEVEL

1.75 x FLEVEL

Foundation

Alternate Method

Flat Grant
APPENDIX F

FINANCIAL DATA TO ASSIST INDIRECT COST RATE DETERMINATION

THIS PAGE MUST BE COMPLETED


INSTRUCTIONS FOR COMPLETING FINANCIAL DATA INDIRECT COST RATE DETERMINATION

Indirect cost rates are computed from information provided within the body of the Annual Financial Report. However, it is necessary that certain expenditure accounts be further subdivided to identify federal program activities.

Enter the disbursements/expenditures included within each function account that were charged to and reimbursed from any federal grant program. Also include all amounts paid to or for other employees within each function account that work with federal grant programs in the same capacity as those charged to and reimbursed from federal grant programs. For example, if a district received funding from IASA Title I for a program director, the salaries of all other federal grant program directors included in that function account must be included. Also include any benefits and/or purchased services paid on or to persons whose salaries are classified as direct costs in the function accounts that are listed.

**EXCEPTION:** Enter the cost of food included within Function (1-2560) Accounts regardless of the funding source(s) since this cost must be excluded in the rate computation.

**DO NOT LEAVE ANY SPACES BLANK. Enter a zero on all lines where no costs are charged.**

Section 1 Restricted Programs *

This section is applicable to federal programs which restrict expenditures to those that "supplement but do not supplant" state or local effort. Some examples of restricted programs are IASA, Title I and Title II, Individuals with Disabilities Education Act (IDEA).

A. Support Services - Direct Costs (1-2000) and (5-2000)

1. Direction of Business Support Services (1-2510) and (5-2510)  
   Enter the cost included within the Function (1-2510) and (5-2510) Accounts, Direction of Business Support Services, charged directly to and reimbursed from federal grant programs.
   $ [2793]

2. Fiscal Services (1-2520) and (5-2520)  
   Enter the cost included within the Function (1-2520) and (5-2520) Accounts, Fiscal Services, charged directly to and reimbursed from federal grant programs.
   $ [2794]

3. Food Services (1-2560) and (5-2560)  
   Enter the cost of food included within the Function (1-2560) Accounts, Food Services.
   $ [3669]

4. Internal Services (1-2570) and (5-2570)  
   Enter the cost included within the Function (1-2570) and (5-2570) Accounts, Internal Services charged directly to and reimbursed from federal grant programs.
   $ [2795]

5. Staff Services (1-2640) and (5-2640)  
   Enter the cost included within the Function (1-2640) and (5-2640) Accounts, Staff Services charged directly to and reimbursed from federal grant programs.
   $ [2797]

6. Data Processing Services (1-2660) and (5-2660)  
   Enter the cost included within the Function (1-2660) and (5-2660) Accounts, Data Processing Services, charged directly to and reimbursed from federal grant programs.
   $ [2799]

Section 2 Unrestricted Programs*

This section is applicable to federal programs whose funds may be used either to supplement, and/or supplant local funds.

B. Support Services - Direct Costs (1, 2, and 5-2000)

7. Operation and Maintenance of Plant Services (1, 2, and 5-2540)  
   Enter the cost included within the Function (1-2540), (2-2540), and (5-2540) Accounts, Operation and Maintenance of Plant Services, charged directly to and reimbursed from federal grant programs.
   $ [2801]

* ALL CAPITAL OUTLAY MUST BE EXCLUDED
<table>
<thead>
<tr>
<th>CODE</th>
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<th>DIST.</th>
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</thead>
<tbody>
<tr>
<td>08010004028</td>
<td>CHAMPAIGN</td>
<td>CHAMPAIGN COMMUNITY</td>
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</tbody>
</table>

APPENDIX G

ILLINOIS STATE BOARD OF EDUCATION
GLENN W. MCgee, STATE SUPERINTENDENT

ANNUAL FINANCIAL REPORT
(ISBE 50-35)

INDIRECT COST RATE FOR FEDERAL PROGRAMS
APPLICABLE FOR THE FISCAL 2000 PROGRAM YEAR

<table>
<thead>
<tr>
<th></th>
<th>FUNCTION</th>
<th>INDIRECT COSTS</th>
<th>DIRECT COSTS</th>
<th>INDIRECT COSTS</th>
<th>DIRECT COSTS</th>
<th>TOTAL COSTS</th>
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<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>32,130,750</td>
<td></td>
<td>32,130,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
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<tr>
<td>E</td>
<td></td>
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</tr>
</tbody>
</table>

INSTRUCTION

| SUPPORT SERVICES | 100 | 32,130,750 | 32,130,750 | 32,130,750 |
| PUPILS           | 210 | 2,169,314  | 2,169,314  | 2,169,314  |
| INSTRUCTIONAL STAFF | 220 | 2,251,287  | 2,251,287  | 2,251,287  |
| GENERAL ADMINISTRATION | 230 | 973,885    | 973,885    | 973,885    |
| SCHOOL ADMINISTRATION | 240 | 3,372,703  | 3,372,703  | 3,372,703  |

BUSINESS

| DIRECTION OF BUSINESS SRV | 250 | 446,546 | 446,546 | 446,546 |
| FISCAL SERVICES          | 251 | 1,093,074 | 1,093,074 | 1,093,074 |
| OPER. & MAINT. PLANT SERVICES | 254 | 4,423,704 | 4,423,704 | 4,423,704 |
| PUPIL TRANSPORTATION     | 255 | 1,374,407 | 1,374,407 | 1,374,407 |
| FOOD SERVICES            | 256 | 704,912   | 704,912   | 704,912   |
| INTERNAL SERVICES        | 257 | 255,725   | 255,725   | 255,725   |

CENTRAL

| DIRECTION OF CENTRAL SRV | 260 | 39,017 | 39,017 | 39,017 |
| PLAN, RSRC, DVLP, EVAL. SRV | 261 | 39,017 | 39,017 | 39,017 |
| INFORMATION SERVICES     | 262 | 49,076 | 49,076 | 49,076 |
| STAFF SERVICES           | 263 | 314,462 | 314,462 | 314,462 |
| DATA PROCESSING SERVICES | 264 | 617,914 | 617,914 | 617,914 |

OTHER

| COMMUNITY SERVICES       | 290 | 333,391 | 333,391 | 333,391 |

TOTAL

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|                     | 7,151,425 |        |       |        |       |
|                     | 43,398,742 |        |       |        |       |

|                     | 5.70%   |        |       |        |       |
|                     | 16.47%  |        |       |        |       |

180
### APPENDIX H


#### A. TOTAL EXPENDITURES

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7. TOTAL (LINES 1 THROUGH 6) $__________

#### B. LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM

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45. TOTAL DEDUCTIONS (Lines 8 through 44) $__________

46. OPERATING EXPENSE REGULAR K-12 (Line 7 minus Line 45) 

47. AVERAGE DAILY ATTENDANCE (See the General State Aid Claim for 1999-00 (ISBE 54-33, Line 12))

48. OPERATING EXPENSE PER PUPIL (Line 46 divided by Line 47) $__________

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<td>OTHER REVENUE FROM FEDERAL FUNDS</td>
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127. TOTAL DEDUCTIONS FOR TUITION COMPUTATION (Lines 49 through 126) $        

128. NET OPERATING EXPENSE FOR TUITION COMPUTATION (Line 46 minus 127)          

129. ADD TOTAL DEPRECIATION ALLOWANCE (Page 46, Column F)                       

130. TOTAL ALLOWANCE FOR TUITION COMPUTATION (Line 128 plus Line 129)          

131. AVERAGE DAILY ATTENDANCE (See the General State Aid Claim for 1999-00 (ISBE 54-33, Line 12)) 

132. PER CAPITA TUITION CHARGE (Line 130 divided by Line 131) $
On March 16, 1995, the Illinois State Board of Education adopted these School Funding Principles:

i. The state has the responsibility to provide for each student high-quality educational opportunities to meet Illinois’ academic content and performance standards, to determine the cost of providing those opportunities, to assess student learning and to hold schools accountable for student success.

ii. A goal of the state is to ensure equitable access to high-quality educational opportunities for all students, regardless of need.

iii. The system of public school funding should allow for locally authorized expenditures above the amount necessary to provide high-quality educational opportunities.

iv. School districts should receive comparable resources for equivalent local tax effort. State and local funding should be neutral with respect to school district organization.

v. The revenues to support access to high-quality educational opportunities for public school students must be stable, predictable and balanced among multiple sources. The majority of education revenues statewide should be provided by the state.
Local Assessment and Taxation of Property

More than 99% of all property is assessed locally. In township counties, the township is the assessment unit. In "commission" counties, where there is no township government, property assessment is performed at the county level. (The 17 commission counties are Alexander, Calhoun, Edwards, Hardin, Johnson, Massac, Menard, Monroe, Morgan, Perry, Pope, Pulaski, Randolph, Scott, Union, Wabash, and Williamson.)

The property tax cycle extends over two years. The tax year is the year of assessment and reflects the value of property as of January 1. The tax bills are distributed and the taxes are paid in the year following the tax year.

In Illinois, all real property is required to be reviewed and reassessed every four years except in Cook County. Between these quadrennial assessments, properties whose condition has significantly changed or that has been incorrectly assessed are subject to reassessment. The last quadrennial assessment in commission counties was in 1998; in township counties the last was in 1999. Clark, Crawford, Edgar, Lake, Madison, Menard, and St. Clair counties are divided into four assessment districts and Cook County is divided into three assessment districts. In these counties one district is reassessed each year on a rotating basis. Farmland is revalued every year.

Once boards of review complete their adjustments and finalize assessments and the state has certified an equalization factor to the county, taxes are extended by the county clerk. Tax rates are computed by dividing the levy for each fund in a particular district by the equalized assessed valuation of the district. If the computed rate is higher than the applicable statutory tax rate limit, then the legal maximum rate is applied. The rates may be further reduced in districts affected by the Property Tax Extension Limitation Law.

Tax bills on 1999 assessments were sent out in 2000. Property taxes are collected in two installments due in June and September, except in Cook County, where the first installment is due in March and the second in June. With county board approval, counties can collect taxes in four installments.

Property taxes are locally raised, locally administered, and locally spent. All property taxes are spent by taxing districts that serve the area from which the taxes are collected.

State Role in Property Tax Administration

Although the property tax is a local tax, the state, through the Local Government Services Bureau of the Department of Revenue, has the statutory duty and responsibility to "direct and supervise" the local assessment process.

The bureau is involved with the local administration of the property tax in a number of ways, including providing...
technical assistance, maintaining taxing district maps, approving exemptions, equalizing assessments among counties, administering the personal property replacement tax, and assessing some property.

Technical Assistance

The Department of Revenue publishes appraisal and assessment manuals, performs complex commercial and industrial appraisals at assessors’ requests, and provides a variety of other technical services. The department also conducts training programs for assessors and board of review members on property tax assessment procedures.

Taxing District Maps

The department prepares and maintains taxing district maps for all counties in the state. The maps maintained by the department outline boundaries of counties, political townships, municipalities, and taxing districts such as park districts, school districts, sanitary districts, community college districts, fire protection districts, and other property tax districts. In addition, the department maps detail major rivers, lakes, and railroads.

One of the main reasons for maintaining such maps is to ensure correct allocation of the assessed values of the operating property of railroads to the various taxing districts. The detail for the preparation of these maps is obtained from each county clerk. New districts, dissolutions, and changes in existing districts must be reported to the department by the county clerks under the provisions of Section 110.125 of the Illinois Administrative Code (86 Ill. Adm. Code, Part 110). Updating taxing boundaries based on the changes submitted by county clerks will be facilitated with the department’s change to a Geographic Information System (GIS).

Approval of Exemptions

The department approves non-homestead exemption applications submitted by county boards of review or appeals. The decision of a local board of review or appeals to exempt any real property is not final until approved by the Department of Revenue.

Equalization

The responsibility for equalizing the average level of assessments among all counties in the state has been assigned to the department. The guiding principle in any assessment program is uniformity. In terms of the state’s involvement, uniformity in assessed values is necessary for 1) equally distributing the tax burden in districts that lie in more than one county, 2) providing a fair basis for the distribution of some state grants-in-aid, 3) applying tax rate and bonded indebtedness limitations to units of local government, and 4) maintaining the statutory assessment level.

The sales ratio studies conducted annually by the department provide the foundation for intercounty equalization. These data allow the comparison of assessed values and market values and are used to calculate the equalization factors, which are certified annually to each county. The equalization factors are used to adjust assessments in a county by a given percentage to bring county assessment levels to the statutory standard. Taxes are extended on assessed values after equalization. Sales ratio study results are published and distributed annually by the Department of Revenue.
Personal Property Replacement Tax
The Illinois Constitution of 1970 abolished the Corporate Personal Property Tax in Illinois as of January 1, 1979. The General Assembly provided for the replacement of revenues derived from this tax by creation of the Personal Property Replacement Tax. The Department of Revenue certifies each taxing district's share of the replacement revenues collected by the state. Payments are made eight times per year to approximately 6,700 units of local government and school districts.

State-Assessed Property
The Department of Revenue is responsible for the assessment of railroad-operating real estate and pollution-control facilities. The department certifies these assessments to county officials for inclusion in the local tax base. Taxes on these properties are collected and spent locally.

PROPERTY TAX DEVELOPMENTS

Assessment and Equalization
From 1927 until 1971, the statutory assessment of property was 100% of fair cash value. In the late 1960s and early 1970s, assessing authorities had generally been assessing property at a lower level. In 1971, Public Act 77-725 became law, defining “fair cash value” to mean 50% of the actual value of property in all counties not classifying real property for taxation purposes.

Also, in the 1960s and early 1970s, changes were made to the method of calculating the county equalization factors. For some time the multipliers were issued only for the quadrennial assessment years, and there was a period when the multipliers were frozen.

The Illinois Supreme Court decision dated April 16, 1975, *Hamer v. Lehnhauser*, 60 Ill. 2d 400 indicated that differences in assessment and equalization practices would not be permitted to continue. The legislature realized that if the 50% level was immediately mandated, many counties' equalized assessed valuation would go up substantially. As a result, Public Act 79-703 was passed.

Public Act 79-703 directed the Department of Local Government Affairs to equalize county average assessment levels annually at the statutory assessment level. Effective as of the 1975 tax year, the statutory level was set at 33 1/3% of the market value. To facilitate the implementation of the law, a three-year transition period was allowed. Counties below 33 1/3% were assigned target levels to bring them to 33 1/3% in three steps. All counties were protected by a provision that no multiplier would be assigned that would reduce a county's total equalized assessed value, excluding new property, below the 1974 equalized assessed value.

The validity of the state multiplier was upheld by the Supreme Court in two cases brought under Administrative Review Law contesting the Cook County multiplier. The first case, *Airey v. Department of Revenue*, 116 Ill. 2d 528, 1987, upheld the methodology of the department. The second, *Advanced Systems, Inc. v. J. Thomas Johnson*, 126 Ill. 2d 484, 1989, upheld the hearing process used for the multipliers.

Property Tax Appeal Board
The State Property Tax Appeal Board was created in 1967. The board hears appeals of decisions of county boards of review and may revise assessments of property based on evidence presented at its hearings. State assessments are not subject to review by the Property
Tax Appeal Board. Public Act 89-126 (House Bill 1465) allows appeals to the Property Tax Appeal Board of decisions of the Cook County Board of Appeals for residential property beginning with the 1996 assessment year and for other property beginning with the 1997 assessment year.

Farmland
Prior to the late 1970s farmland was assessed like all other property on the basis of fair market value. With the passage of legislation in 1977, the assessment of farmland began to move toward agricultural-use valuation. Use-value assessments recognize a difference between value in use and value in exchange (market value) and are generally lower than market value assessments.

In the early years (1977-1979), the department certified a top value to each county based upon a three-part formula which considered value of agricultural products sold in the county, value of principal crops in the county, and average sale price of farmland in the county. This top value was assigned to the best land in the county, and the value was reduced downward proportionately for less productive land.

For tax years 1981 and following, farms are assessed according to "agricultural economic value," which is defined by law. To be eligible for assessment as a farm, a tract of land must have been used for agricultural purposes for the two preceding years. An agricultural economic value based on the net income of farms in Illinois is the basis of the assessment of farmland. Farm homesites and dwellings are assessed at one-third of the market value; farm buildings are assessed at one-third of their respective contribution to the farm's productivity.

Personal Property Tax
In the 1972 tax year, a marked decline in the property tax base resulted from the abolition of the tax on personal property owned by individuals. Corporations, partnerships, and trusts continued to be taxed on personal property through the 1978 tax year. Since tax year 1979, only real property has been subject to property taxes.

Homestead Exemptions
The Illinois Constitution of 1970 provided the authority to grant homestead exemptions. Presently, there are five types of homestead exemptions:

The general owner-occupied homestead exemption is available to residential property that is occupied by the owner or a lessee with an ownership interest as the principal dwelling place. The amount of the exemption is the increase in the current year's equalized assessed value above the 1977 tax year equalized assessed value. The maximum exemption was raised to $3,500 for 1983. In Cook County only, this was increased to $4,500 beginning with the 1991 tax year.

The senior citizens homestead exemption, effective for tax year 1972 and subsequent tax years, is a $2,000 reduction in the equalized assessed valuation of real property that is (a) owned and occupied solely by a person 65 years of age or over, or is owned by such a person as a joint tenant or tenant in common; or (b) leased and occupied by such a person who is obligated to pay the taxes on the property. In Cook County only, this was increased to $2,500 beginning with the 1991 tax year.

The homestead improvement exemption is limited to the fair cash value added by the improvement, up to an annual maximum of $45,000,
($15,000 of equalized assessed valuation except in Cook County) and continues for four years from the date the improvement is completed and occupied.

The **disabled veterans' exemption** exempts up to $50,000 of the assessed value. The Illinois Department of Veterans' Affairs determines eligibility for this exemption, which must be reestablished annually.

The **senior citizens assessment freeze homestead exemption** first became available for the 1994 tax year. It allows qualified senior citizens to elect to maintain the equalized assessed valuations of their homes at the base year values and prevent any increase due to inflation. This exemption must be applied for annually.

**General Authority Tax Abatements**

Three types of general authority abatements are available from local taxing districts:

1) commercial and industrial,
2) leasehold, and
3) urban decay.

The commercial and industrial abatement is provided for by 35 ILCS 200/18-165. In general, the abatement applies to the property of any commercial or industrial firm, including, but not limited to, the property of any firm that is used in collecting, separating, storing, or processing recyclable materials. The aggregate amount of abated taxes for all taxing districts combined cannot exceed $4 million over a 10-year period. Some horse racing and auto racing facilities also receive limited abatements that may not exceed 10 years. Academic or research institutes may be granted abatements for at least 15 years. The aggregate amount of abated taxes for horse racing facilities and those for academic or research facilities should not exceed $5 million.

Leasehold abatements are provided for by 35 ILCS 200/18-175. These apply to certain leasehold interests in a property on which a restaurant and overnight lodging facilities are located and leased from the Department of Natural Resources.

Urban decay abatements apply to any area demonstrating conditions of a “blighted” or “conservation” area, as defined in 65 ILCS 5/11-74.4-3. A home rule municipality may abate a percentage of the taxes levied for a period not to exceed 10 years on each parcel of property that is located in an area of urban decay. This abatement is provided for by 35 ILCS 200/18-180.

**Enterprise Zones**

The Enterprise Zone Act took effect December 7, 1982, and authorizes the Department of Commerce and Community Affairs to certify a limited number of enterprise zones in depressed areas of the state. Associated with the zones are state income tax, sales, and property tax incentives to encourage business investment. Under the Act, each unit of local government has the authority to abate property tax on business improvements added to real estate subsequent to the creation of the enterprise zone. These abatements, provided by 35 ILCS 200/18-170, apply to all classes of real property. Such abatements are limited to the term of the zone and apply only to the amount of the improvements; there is no specified dollar limit as there is under the General Authority Abatement.
Tax Increment Financing

Tax increment financing (TIF) is a financing tool used to redevelop blighted areas and create economic recovery. The five types of property tax TIFs are explained below.

**Tax Increment Allocation Redevelopment Act.** This Act, (65 ILCS 5/11-74.4-1 et seq.), allows Illinois municipalities to designate some areas, i.e., residential neighborhoods, commercial business districts, or industrial areas, as redevelopment areas and create a TIF district. The tax revenue, derived from the assessment increases in the project area, is used to pay for the public investments made in the TIF area and certain costs to the developer. The TIF district is dissolved once all redevelopment costs are paid or at the end of 23 years, whichever comes first, although some have been extended to 35 years.

**Economic Development Area Tax Increment Allocation Act.** This Act, (20 ILCS 620/1 et seq.), encourages commerce and industry on sites of at least 320 acres. The guidelines include creating and maintaining no less than 2,000 jobs, and the private investment of at least $100 million. These areas are certified by the Department of Commerce and Community Affairs and are limited in number.

**County Economic Development Project Area Tax Increment Allocation Act.** This Act, (55 ILCS 90/1 et seq.), limits the number of areas that could be created to the first 20 months of its inception. The Act allows for a rebate to any developer or non-government person of taxes generated from the increase in the tax base of the project area if the TIF is located in an enterprise zone. The area must cover an aggregate of 5,000 acres and the county unemployment rate cannot be less than 12%. The guidelines also include creating or retaining 1,000 jobs and the private investment at least $100 million.

**Industrial Jobs Recovery Law.** This Act, (65 ILCS 5/11-74.6-1 et seq.), allows municipalities that meet certain site conditions, i.e., unemployment, declining EAV, vacant industrial buildings, or environmental contamination, to create TIF districts. If no project is initiated within five years, the municipality may adopt an ordinance repealing this designation.

These are also certified by the Department of Commerce and Community Affairs.

**Economic Development Project Area Tax Increment Allocation Act.** This Act, (65 ILCS 110/1 et seq.), covers closed military installations with at least 500 acres and a project area of at least 1½ acres (Rantoul, Glenview, Mel Price Support Center, Fort Sheridan). Upon prior approval of a municipality and any affected taxing districts, and if the property is in an enterprise zone, a developer may be given a rebate on all or some of that portion of property taxes otherwise paid to the taxing district(s).

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Senior Citizens Real Estate Tax Deferral Law

Public Act 83-895, known as the Senior Citizens Real Estate Tax Deferral Law, established a program by which people who are 65 years of age or older and meet prescribed criteria may defer all or part of their real estate taxes. This program began with the 1983 tax year with taxes payable in 1984. It is administered by the county treasurers, and participants must reapply for each year they wish to defer their taxes. In effect, the state pays the taxes for such taxpayers and acquires a lien on the property for the amount of the taxes and interest thereon. Upon the taxpayer's death, his/her heirs may pay the amount of the lien to the state or the state may sell the property to recover the amount of the lien. Units of local government suffer no loss of tax revenue under the Senior Citizens Real Estate Tax Deferral Act.

Circuit Breaker Property Tax Relief Program

The “Circuit Breaker” property tax relief program, (320 ILCS 25/1 et seq.), was initiated in 1972 by the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act. The intent was to protect the assets of low-income senior and disabled residents who could least afford the burden of property taxes, both for the taxes they paid directly and for those they paid indirectly through rent or nursing home charges. The program has undergone many changes since its initial inception, but the property tax relief has remained a constant feature. In order to qualify, a person must be 65 years of age or older, or 16 years of age or older and totally disabled, and meet prescribed criteria. The department administers the program. Claimants must file each year.

Source: Various publications of the Illinois Department of Revenue.

Note: Additional information on the property tax system may be obtained from the Illinois Department of Revenues, http://www.revenue.state.il.us/taxinformation
Introduction and Background

Equity is a concept which has been discussed in Illinois and other states for decades. The term was originally used in the context of insuring equal access to educational services for all children. It then came to mean equal access to minimal resources. During the past twenty-five years, the definition has been expanded to mean equal access to appropriate resources relative to need. During the 1970s and 1980s, equity received much attention in school finance literature due at least in part to school finance litigation in many states. Equity still remains a complex issue; however, in recent years in Illinois, discussions of equity have not enjoyed the prominence of years past.

Taxpayers and students have traditionally been the two groups studied with regard to equity. We must remember that a system of school finance which treats taxpayers fairly may or may not be fair for students.

One principle of taxpayer equity states that taxpayers with equal ability to pay should have the same tax burden. This suggests a uniform tax rate across the districts and among the taxpayers. A statewide uniform tax rate may not be practical, given differing preferences for educational services across the state. A variation on this principle states that the relationship among tax burdens should vary with the ability to pay. This suggests a variable rate structure.

A second principle of taxpayer equity, which takes into account total resources for education, states that two school districts with equal tax rates should receive substantially equal per pupil resources in support of their educational programs. This "equal yield for equal effort" principle suggests that local preference for education and not ability to pay should account for any differences among school district's resources.

Student equity is by far the most researched and written about aspect of equity. The main focus in Illinois has been on per student resources. Three principles of student equity will be discussed.

First is the principle of "horizontal equity." This principle assumes all students are equal and should receive equal resources, or that equals should be treated equally. Under this principle, perfect equity would be indicated by no variation in per pupil resources.

The principle of "vertical equity" recognizes differences among pupils and requires those differences be taken into account, i.e. unequals should be treated unequally. Differences among pupils may be legitimate (e.g. learning disabilities, inadequate preschool preparation) or illegitimate (e.g. sex, race, type of district organization, property wealth of the district). When legitimate differences are recognized, additional resources would go to those students with additional needs.

The final principle of student equity is that of "equal opportunity." This principle states that all students should have access to substantially equal educational resources regardless of
The classic example of equal opportunity comes from the Serrano case in which the California Supreme Court ruled that residence (property wealth of the school district) was not a legitimate reason for unequal educational opportunity.

With regard to taxpayer equity, policy makers must decide if Illinois depends too heavily on property taxes to support education; or if the tax burden for schools should be redistributed among the state’s residents through other means.

In the past much of the equity debate centered on reformation of the general state aid formula. Arguably, the new general state aid formula (see Appendix C) with substantial additional funding could serve to reduce revenue/expenditure disparity and temporarily achieve more equity; however, it is unrealistic to expect state funding can or will, for the foreseeable future, keep pace with and surpass the increase in local property tax revenues currently being experienced by school districts in some areas of the state.

The measure of equity chosen will depend upon which principles of student equity we wish to monitor. Measures of horizontal and vertical equity are normally univariate and typically measure statistically the amount of variation present in the distribution of resources among districts. While most of the measures were designed to measure horizontal equity, they may also be used when legitimate differences among pupils have been accounted for through a system of student weighting.

If we are concerned with "equal opportunity," a technique which will yield a measure of the variation in resources while controlling for illegitimate differences among pupils must be used. When district wealth is the illegitimate difference upon which we focus our attention, we are said to be measuring the degree to which a state is "wealth neutral."

**Equity Measures**

The following are measures of student equity based on per student revenues. Revenues are defined as the sum of general state aid, property taxes at the operating rate and corporate personal property replacement taxes. General state aid hold harmless and one-time general state aid grants are not included. The general state aid pupil count is used as the measure of students. No attempt is made to account for categorical funding programs such as special education, transportation, gifted education or bilingual education. The coefficient of variation (standard deviation divided by the mean) gives the average variation from the mean. An index of 0 would mean no variation in per student revenues. Wealth neutrality (simple regression coefficient) provides the extent to which property wealth is a factor in per student revenues. An index of 0 would indicate that property wealth of the district would in no way be a function of per student revenues. The McCloone Index (total revenues below the median divided by revenues needed to assure all districts median revenues) is a measure of per student revenues in the bottom half of the distribution. An index of 1 would indicate no variation below the median. The 95/5 Ratio (per student revenue at the 95th percentile divided by the per student revenue at the 5th percentile) is a measure of variation in per student revenues, ignoring the highest and lowest per student revenues. An index of 1 would indicate no variation in per student revenues between the 5th and 95th percentile. The following tables provide a ten year history of these four indices.
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95/5 Ratio

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Summary
The degree of equity, as defined above, differs greatly among types of school districts. It is fairly obvious that all equity indices are considerably “better” in unit districts than in either elementary or high school districts. Movement in each of the indices is largely dependent on the amount of state funding in a given year. The property tax has a fairly steady rate of growth. In times of a robust state economy, and when additional revenues are made available for elementary and secondary education, the indices generally improve over the previous year. When increases in revenue are significantly influenced by the property tax, movement is generally in the opposite direction. The tables indicate that, in 1999-2000, only high school districts had reduction in overall revenue variation and revenue variation between the 95th and 5th percentiles. One explanation for this movement could be the reduction in formula tax rate for high school districts. All types of districts became more reliant on property wealth. Only unit districts had increased revenue variation below the median.
Appendix L

Additional Resources

For more news and updated information on the Illinois State Board of Education, please visit the ISBE homepage on the Internet at www.isbe.net

The Illinois State Board of Education is continually expanding our homepage to create a one-stop source for all the agency’s news, information, and communications. You will find many useful resources there including copies of news releases, the Superintendent’s Bulletins, recent legislation, financial resources, and many other exciting education initiatives.

Below is a listing of other Educational Web Sites that can provide additional resources:

- [http://www.cfdagov/](http://www.cfdagov/) Catalog of Federal Domestic Assistance
- [http://www.iasb.com](http://www.iasb.com) Illinois Association of School Boards