FINANCE-LEGISLATION COMMITTEE MEETING

Maine South High School
Frost Administration Center Board Room
1131 South Dee Road, Park Ridge
Friday, April 5, 2013
1:30p.m. - 3:00p.m.

AGENDA

1. Call to Order
2. Introductions
3. Approval of Minutes
4. New Business
5. Program: Update on the 2013 Spring Legislative Session
   Special Guests: Tarin Kendrick, Executive Director, Niles Twp. District for Special Education
                  Ben Boer, Policy Director, Advance Illinois

   • Legislative Update
     ○ Pending legislation
     ○ ED-RED’s role in pending legislation and info required from members
     ○ Pension reform

   • Special Education “70/30 rule” governing staffing levels for general education classrooms (click here for more information)
     ○ Review of the situation
     ○ Pros/Cons of ISBE’s recommendation for repeal
     ○ How local districts can provide comments to ISBE – deadline 4/22/13

   • FY 13/14 State Funding Update
     ○ Status of FY 13 payments
     ○ Review of ISBE and Governor’s budget recommendations for Fiscal Year 14
     ○ Advance Illinois’ ideas to better manage proration of General State Aid

6. Adjourn

Next Meetings:
• Wednesday, April 24, 2013 – 7:00-8:30pm – ED-RED Member Meeting – Maine South HS Board Room
• Friday, May 3, 2013 –1:30-3:00pm – Finance-Legislation Meeting – Maine South HS Board Room
FINANCE-LEGISLATION COMMITTEE MEETING
April 5, 2013

Tarin Kendrick

Tarin has served as the Executive Director at Niles Township District for Special Education for 6 years. She services the communities of Morton Grove, Lincolnwood, Niles and Skokie. In addition to her work with the cooperative, Tarin serves on the IAASE Board, as well as being a member of the Legislative, Finance and Program Committees. She can be reached at tkendrick@ntdse.org.

Benjamin Boer

Ben is the policy director at Advance Illinois, an independent nonprofit organization dedicated to creating a public education system that prepares all Illinois students for college, careers and democratic citizenship. He is the former vice president of technology for AHA! Interactive, a company that provided software to track and manage professional development plans for school districts. After AHA’s acquisition by SchoolNet, Mr. Boer managed the human capital product line as a Director of Product Management, which included work on how to align professional development opportunities with student assessment results. Mr. Boer has a Bachelors and Masters of Science in Computer Science from Brown University and Masters of Public Policy from the Harris School at the University of Chicago. He is married and has two young daughters; they both attend school at a local Chicago Public School. He can be reached at bboer@advanceillinois.org.
MINUTES
ED-RED Finance-Legislation Committee
Friday, March 1, 2013
1:30 p.m. – 3:00 p.m.

The meeting was called to order at 1:34 p.m. by ED-RED Executive Director Erika Lindley.

Those in attendance were Richard Gerber (211-C), Karen Roloff (30-C), Dave Torres (211-C), Corey Bultermeier (15-C), Jim Prather (84.5-C), Scott Herrmann (102-L)*, Deb Parenti (214-C), Yasmine Dada (128-L), Mary Kalou (207-C), Sherry Koerner (214-C), Brian Imhoff (64-C), Chip Johnson (Wight), Ryan Berry (68-C), Ralph Lee (200-C), John Moss (97-C), Mark Michelini (125-L), Joe Sonnfeldt (57-C), Margaret Clausen (39-C), Stacey Mallek (25-C), Lyndl Shuster (26-C), David Kodama (96-C), Erika Lindley (ED-RED), and Anne Hoffman (ED-RED)

*Denotes ED-RED Exec Board Member

Approval of Minutes: A motion was entertained, seconded, and passed unanimously to approve the minutes from the joint Finance-Legislation Committee/NWSSBO meeting held Friday, January 18, 2013.

ED-RED New Business:
- A member inquired about forwarding the ED-RED newsletter on to non member school districts. Erika reported that most fact sheets may be found on the Legislation page of our website. The newsletter is proprietary and only for member use.
- Sequestration: Erika introduced a memo from the Committee for Education Funding from February 6th describing the possible draconian cuts to education. Critical cuts include Title 1, IDEA funds and Impact Aid.
- A member suggested that ED-RED should consider hosting a forum in the fall with new legislators from our membership area.
- A member suggested that board members review a document on the Oak Park River Forest High School District 200’s website explaining the necessity of fund balances in an era of declining state support and uncertainty in receiving local property tax revenue.

Program: Advocacy 101 for the 2013 Spring Legislative Session
Erika reported there are over 6,000 bills and amendments under review. We are currently in the committee phase of the legislative process; introduced bills must be approved in committee prior to the March 22nd deadline (although ideas can always come back as amendments to shell bills later in session). Committee schedules have been packed over the past few weeks with dozens of bills scheduled for House/Senate committees focusing on education, state government, revenue, and pensions.

One of the most significant votes of the session is on the next year’s budget. While ED-RED districts receive less state funding proportionately that most other districts in the state, we view budget conversations as an excellent way to help legislators understand our districts and how state decisions and priorities impact local decisions and priorities. Erika highlighted some of the benefits of connecting with legislators on budget issues, including funding programs that generate the most money for your district, local budget decisions made in light of declining resources and efficiencies made over time, state mandates that cost your district the most money and time, local vs. state control of local district policy and curriculum, and how the proposed cost shift would impact your district.
Members discussed past conversations with legislators about budget priorities, including the impact of the cost shift, how legislatively-imposed mandates impact programming, and the value of preparing materials for legislators about school funding to help them better understand Illinois formulae and how it affects their district.

Several members had suggestions on the draft FAQ sheet on state funding for K-12 education. These ideas will be incorporated and shared with our membership later this session.

**Mandates**

SB 1362 states that districts complying with the Critical Health Problems and Comprehensive Health Education Act have the authority to opt out of another instructional mandate within the Act. This approach aligns with one of our suggestions to legislators regarding unfunded mandates: if you add one, allow us to remove one. The bill has not been discussed in the Senate Education Committee.

**Mandatory Kindergarten**

SB 1307 requires districts to provide at least half-day kindergarten and changes the compulsory age from 7 to 5. HB 2405 requires districts to provide full day kindergarten by the 2016-2017 school year. ISBE estimates between 4,000-8,000 kids are not enrolled in kindergarten. The impact to GSA could be as high as $30 million. All but one district in the state provides at least half day kindergarten. Our concerns include space for additional kids, the cost of additional teachers, and the need for additional truancy funding. The Senate bill was approved in the Senate Education Committee; we’ve engaged in valuable conversations with the sponsor and will continue the dialogue on truancy issues. The House bill has not been discussed in the House Education Committee. The sponsor is aware of our concerns with this mandate and plans to monitor the discussion on the Senate bill.

**PTELL Changes**

HB 89, HB 95, and HB 1310 eliminate the ability of school boards to increase local revenue by inflationary costs if the EAV in a district drops from the prior year. Erika reviewed the history of this concept and believes that it will once again gain traction in the House this spring. That said, past attempts to push this bill through the Senate have been unsuccessful. An updated fact sheet is available on our website and members are encouraged to talk to their House members about the impact of this bill on their district.

**Pensions**

Erika referenced the pension primer that is regularly updated on the legislation page of the ED-RED website.

House Speaker Madigan intends to conduct several “weekly order of business” allowing him to bring amendments directly to the floor for a vote rather than go through the usual committee process. The two issues targeted for weekly orders of business are pension reform and the state’s policy on access to weapons and concealed carry provisions. The House expects to vote on individual provisions of the pension reform bills one at a time instead of take one vote on the entire package. This allows legislators to vote in favor of one provision (for example, an increase in the retirement age) but vote against other provisions (reductions in COLA, increases in the employee contribution, etc.).

The meeting adjourned at 3:00 p.m.

Respectfully submitted by Anne Hoffman
Summary of pension reform proposals impacting the Teachers’ Retirement System and the Illinois Municipal Retirement System introduced in the 98th General Assembly
Updated April 5, 2013

Listed in order of bill number. Note that amending a bill can change the scope, intent, and implications of the policy change. Members are advised to review the legislative language of these proposals on the Illinois General Assembly website to keep up to date on current amendments and status of bills.

HB 98 (Nekritz)

- Shift of the normal cost to school districts at a rate of 0.5% of creditable earnings each year until the normal cost is the full responsibility of the district. The sponsors estimate that the benefit reductions will reduce the normal cost to 1.1% which includes the 0.58% that districts currently pay. If this estimate is accurate then the full phase in to 1.1% will take three years. However, if components of the bill are removed or changed resulting in a higher normal cost and the phase in language stays the same, then the phase in would take longer (0.5% in FY14, 1.0% in FY15, 1.5% in FY16, etc.)
- Benefit changes apply to current employees and retirees
- Incremental increase in retirement age for employees under 45
- COLA starts 5 years after retirement or age 67, whichever is earlier
- COLA applies to first $25,000 of an annuity (annual adjustment is capped at $750)
- Increase employee contribution by 2% (from 9.4% to 11.4%)
- Pensionable salary is capped at the rate in the final year of the current contract or the Social Security Wage Base (currently $113,700), whichever is higher
- Changes the funding goal from 90% funded in 2045 to 100% funded by 2043
- Cash Balance Plan is mandatory for employees hired after July 1, 2013. Tier 2 employees have the option to move accumulated assets from their current DB plan into the Cash Balance Plan.
Status: HB 98 is assigned to the House Personnel and Pensions Committee and has not been discussed in committee.

**HB 1154 (Madigan, D-Chicago)**
- For Tier 1 members - pensionable salary capped at the rate in the final year of the current contract or the Social Security Wage Base (currently $113,700), whichever is higher.

Status: the amended bill passed the House on 3/14/13 with a vote of 101-15. This was a done through one of Speaker Madigan’s “weekly order of business,” which allows the Speaker to call a bill for a vote on the House floor without going through the committee process. The sponsor of the amendment estimates that the pensionable salary cap will reduce the $96 billion liability by $1 billion.

**HB 1165 (Madigan, D-Chicago)**
- For Tier 1 members and retirees:
  - COLA starts 5 years after retirement or age 67, whichever is earlier
  - COLA applies to first $25,000 of an annuity and the annual adjustment is capped at $750

Status: the amended bill passed the House on 3/20/13 with a vote of 66-50. This was also done through a “weekly order of business.”

**HB 1166 (Madigan, D-Chicago)**
- For Tier 1 members, increases the retirement age:
  - 45 and older – no change
  - 40-44 – increase retirement age by one year
  - 35-39 – increase retirement age by three years
  - 34 and younger – increase retirement age by five years

Status: the amended bill passed the House on 3/14/13 with a vote of 76-41. This was also done through a “weekly order of business.”

**HB 2375 (Lang, D-Skokie)**
- Shift of the normal cost to school districts at a rate of 0.5% of creditable earnings each year until the normal cost is the full responsibility of the district (0.5% in FY14, 1.0% in FY15, 1.5% in FY16, etc.)
- Benefit changes apply to current employees
- Increase retirement age to 67, employees can receive a discounted annuity at age 62
- Increase employee contribution by 3% (from 9.4% to 12.4%)
- Permanently extend the current income tax rates (5% for individuals, 9.5% for corporations). The income tax rates are slated to begin phasing down on January 1, 2015. Taxpayers would be eligible for a rebate of their income tax payment that exceeded the amount necessary to make the statutorily required pension payment. Taxpayers would also be eligible for a rebate after the expiration of pension obligation bonds starting in 2020.
• Require all retired, Medicare-eligible employees to shift to the federal health care plan by the time they turn 65
• Change the funding goal from 90% funded by 2045 to 80% funded by 2063. This would essentially extend the payment schedule for our pension mortgage for an additional 20 years and lower the required ratio of assets to payout. State law enacted in 1995 created the current 90%/2045 system by designing a payment schedule with increasing annual payments (often referred to as a back loaded system in which you have relatively low payments in the first few years and then steady increases as the “ramp” accelerates toward 2045). HB 2375 also changes the payment structure to be a flat annual rate vs. continue the ramp with payments that increase each year.

Some additional resources on funded ratios:
• Of the 100 public pension plans monitored by *Pension & Investments*, twenty-nine states have a funded ratio under 70%. Illinois’ combined ratio for all five state systems is around 40%.
• [COGFA report](#) on Illinois’ 90% funded ratio
• Recent article in *Governing Magazine* about funded ratios and national rankings

Status: HB 2375 is assigned to the House Personnel and Pensions Committee.

**HB 3303 (Morrison, R-Palatine)**
• Ends the current Defined Benefit program and does not allow employees to receive annual adjustments on DB earnings or allow additional contributions into the DB plan by employers or employees
• Pensionable salary is capped at $110,100 for employees retiring by December 31, 2014. Starting on January 1, 2015, the $110,100 cap will increase by the lesser of 3% of half of CPI.
• Creates a 401(k) plan for future earnings. The employee contribution rate is 8% and the employer contribution rate is 7%.
• Allows the Illinois Department of Insurance to set a schedule for increased retirement ages for active employees and specifies that the retirement age for new employees cannot be below the normal retirement age set by the federal government and active employees cannot retire before they are 59
• Change the funding goal from 90% funded to 100% funded by 2045
• Changes the annual payment schedule from a “ramp” with an increased contribution rate each year to a flat amount each year

Status: HB 3303 was discussed in the House Personnel and Pensions Committee on 3/21/13 but did not receive a vote. The proposal is an initiative of the Illinois Policy Institute. [View their fact sheet.](#)

**HB 3411 (Cross, R-Oswego – Chief Co-Sponsor is Elaine Nekritz, D-Northbrook)**
• Benefit changes apply to current employees and retirees
• Incremental increase in retirement age for employees under 45
• COLA starts 5 years after retirement or age 67, whichever is earlier
• COLA applies to first $25,000 of an annuity (annual adjustment is capped at $750)
• Increase employee contribution by 2% (from 9.4% to 11.4%)
• Pensionable salary is capped at the rate in the final year of the current contract or the Social Security Wage Base (currently $113,700), whichever is higher
• Employees hired after January 1, 2014 will participate in a hybrid Defined Benefit/Defined Contribution Plan (Tier 3). Employees contribute 4% of creditable earnings to the DB plan and 5% to the DC plan and have the option of contributing more than 5% into their DC account. The multiplier formula used to determine the retirement benefits under the DB plan for Tier 3 employees is 1.1% of the final average salary instead of 2.2%. The retirement age for new employees is 67. The COLA is limited to 3% or half of CPI, not compounded. The school district contribution is based on the normal cost of the Tier 3 DB plan and an additional contribution for the DC plan, which will be negotiated between the district and employees and must fall between 3%-10%. TRS would manage investments for the DC plan. Tier 2 employees have the option to move into the hybrid plan.

Status: HB 3411 was approved in the House Personnel and Pensions Committee on 3/14/13. It has not been discussed on the House floor.

**SB 1 (Cullerton, D-Chicago)**

• As amended, the changes apply to Tier 1 employees in TRS only (does not include the other state pension systems or retirees)
• Tier 1 employees must make an irrevocable election of one of the following benefit packages:
  o Option 1. Base COLA on the lesser of ½ CPI or 3%, maintain access to state retiree health insurance, count future salary increases as part of pension calculation, may participate in ERO (penalty is split 50/50 between district and employee)
  o Option 2. Maintain 3% compounded COLA, lose access to state retiree health insurance, future salary increases do not count toward pension calculation, COLA accrual begins 5 years after retirement, cannot participate in ERO
• The election period would run from January 1, 2014-May 31, 2014. The changes would go into effect on June 1, 2014. According to TRS, active members who have signed a retirement agreement on or before January 1, 2013 will not have to make an election and will be viewed as a retiree for the purposes of the legislation. Read more on the [TRS website](https://www.tdrs.state.il.us/)
• Employees electing to participate in Option 1 will have the ability to contribute up to 2% of their salary into a TRS administered Cash Balance Plan to (somewhat) compensate for the reduction in their annuity from the reduced COLA.


**SB 35 (Biss, D-Evanston)**

• Benefit changes apply to current employees and retirees
• Incremental increase in retirement age for employees under 45
• COLA starts 5 years after retirement or age 67, whichever is earlier
• COLA applies to first $25,000 of pension (annual adjustment is capped at $750)
• Increase employee contribution by 2% (from 9.4% to 11.4%)
• Pensionable salary is capped at the rate in the final year of the current contract or the Social Security Wage Base (currently $113,700), whichever is higher
• Employees hired after January 1, 2014 will participate in a hybrid Defined Benefit/Defined Contribution Plan (Tier 3). Employees contribute 4% of creditable earnings to the DB plan and 5% to the DC plan and have the option of contributing more than 5% into their DC account. The multiplier formula used to determine the retirement benefits under the DB plan for Tier 3 employees is 1.1% of the final average salary instead of 2.2%. The retirement age for new employees is 67. The COLA is limited to 3% or half of CPI, not compounded. The school district contribution is based on the normal cost of the Tier 3 DB plan and an additional contribution for the DC plan, which will be negotiated between the district and employees and must fall between 3%-10%. TRS would manage investments for the DC plan. Tier 2 employees have the option to move into the hybrid plan.


**HJRCA 11 (Sosnowski, R-Rockford)** is a ballot initiative regarding the repeal of the pension section in Article 13 of the Illinois Constitution. The language in the Constitution reads: “Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.” Constitutional Amendments must receive a three-fifths majority vote in each chamber to be successful, a higher threshold than run-of-the-mill legislation. If passed during the 2013 or 2014 legislative sessions, the question would appear on the November 2014 ballot. If it makes it onto the ballot, the measure must be approved by three-fifths of the individuals voting on the question or a majority of individuals voting in the election in order to remove the section from the Constitution. The constitutional amendment was not considered in committee prior to the deadline.

**The following bills relate to TRS pensions/annuitants but are not comprehensive reform proposals:**

**HB 1039 (Tryon, R-Crystal Lake)** requires property tax bills to specify the dollar amount of any “pick up” of employee contributions by any taxing body, including school districts. The bill was approved in the House Revenue Committee and is pending on the House floor.

**HB 1259 (Fortner, R-West Chicago)** requires IMRF to establish a defined contribution plan and allows Tier 2 IMRF employees (individuals new to the system after January 1, 2011) the option of moving their accumulated assets in the current defined benefit plan into the defined contribution plan. HB 1259 was not considered in committee prior to the deadline.

**HB 1277 (Senger, R-Naperville)** changes the actuarial cost method used by the state pension systems from the projected unit credit method to the entry age normal method. The entry age normal method determines the cost of an employee’s pension based on a level percentage of payroll between the time
in which employment begins (entry age) and the assumed retirement date, allowing the system to spread the estimated cost of the pension benefit as a level percentage of payroll. Most public pension plans, including IMRF, use the entry age normal method. Click here for more information about the entry age normal method. HB 1277 was approved in the House Personnel and Pensions Committee.

HB 2900 (Nekritz, D-Northbrook) extends the TRS Early Retirement Option past the slated sunset date of June 30, 2013. The bill allows employees to take participate in ERO after July 1, 2013 if they reach an agreement with the district prior to this date regarding their intention to retire in the future under the provisions of ERO. The bill was approved in the House Personnel and Pensions Committee.

SB 1224 (Murphy, R-Palatine) eliminates the ability of IMRF, TRS, and other state and local pensions systems from adding unused sick or vacation time to an employee’s service credit calculation or counting payouts resulting from unused sick/vacation time toward creditable earnings. This only applies to new employees, defined in this bill as employees who join a pension system after the bill is signed into law. SB 1224 was unanimously approved by the Senate.
Education-related bills of the 98th General Assembly are broken down into the following categories:

*New Mandates - Private School Vouchers - Mandatory Kindergarten - Property Tax Issues*

**Bills to Support**

**New Mandates**

We encourage our legislators to be active in their school districts and engaged in discussion about quality changes to education policy. We ask legislators to be mindful of the challenges districts face in light of state budget reductions, new mandates from the state, new federal initiatives, and limitations on local revenue through the property tax cap. This year, we are particularly sensitive to unfunded mandates without a direct connection to student health, student safety, or student achievement. We look forward to working with legislators to find alternatives to new unfunded or underfunded mandates, whether they are curricular mandates, operational mandates, reporting mandates, or new training programs. Any new state mandate must come with sufficient state resources for proper implementation.

**HB 15 (Flowers, D-Chicago)** imposes several new mandates related to sudden cardiac arrest prevention. The bill requires districts to administer a parent sign off sheet on the risk of sudden cardiac arrest and warning signs of the condition and requires coaches to participate in annual training on sudden cardiac arrest. It further requires coaches to remove a student from play who exhibits signs of sudden cardiac arrest and prohibits the student from returning to play without medical clearance. The bill imposes specific suspension penalties for coaches who do not remove students at risk of sudden cardiac arrest. The bill was approved by the House Education Committee.

**HB 77 (Ford, D-Chicago)** prohibits the availability of food containing transfats in public schools, including food sold during, before, and after school, through school sponsored fundraising activities, and by non-district organizations while using district facilities. ISBE would have the responsibility to set penalties for non-compliance. The bill exempts meals available through the national school lunch program. Federal administrative rules are currently under review to restrict transfats served in school buildings and provide local boards with discretion to set its own policy regarding food sold by outside organizations. [Click here to read more about the proposed rules.](#) The bill was approved by the House Education Committee and was debated by the full House after an amendment was filed to limit the scope to the Chicago Public Schools. Despite this, the bill did not receive enough votes on the House floor to advance and was placed on “postponed consideration,” allowing the sponsor to call the bill for another vote.
HB 1205 (Sente, D-Lincolnshire) requires district football programs to limit hitting practice to one day a week. Rep. Sente amended the bill to address some of the concerns raised by IHSAA and coaches. Amendment #1 changes the limitation to allow hitting practice twice a week during the regular season, at the coach’s discretion during pre-season, and prohibit hitting practice during the off season and summer camp. HB 1205 failed to receive enough votes in the House Education Committee and Rep. Sente intends to work with IHSAA to promote additional information to coaches, parents, and students about warning signs and risks of repeated concussions.

HB 1225 (D. Burke, D-Chicago) and SB 1711 (Hastings, D-Matteson) as amended requires coaches, referees, P.E. teachers, trainers, and student athletes to watch a video on CPR and using AEDs. The video would be provided free to districts. HB 1225 and SB 1711 were approved in committee.

HB 1401 (Nekritz, D-Northbrook) requires districts offering 403(b) plans to act in accordance to the prudent investor rule. SB 1218 (Biss, D-Evanston) requires districts to comply with the prudent investor rule beginning on January 1, 2015. Both bills create new legal and administrative requirements for districts through the imposition of fiduciary-type legal liability for their voluntary 403(b) plans. The bills were not considered in committee prior to the deadline. Click here to view the fact sheet in opposition to these bills.

HB 1443 (Moylan, D-Park Ridge) requires school personnel to report information related to hazing to local law enforcement. HB 1443 was approved in the House Judiciary Committee.

HB 2213 (Ford, D-Chicago) includes recommendations made by the Ensuring Success in Schools Task Force, which focused on providing additional protection and opportunities for students with children and students who are victims of sexual or domestic violence. The legislation includes several new mandates on school districts, including allowing students who are victims of violence to transfer to a school outside of their attendance area tuition-free, allowing students to claim their status as a parent, expectant parent, or victim of violence as a mitigating factor in an expulsion or suspension, expanding the availability of home instruction to include pregnancy-related conditions, obligations related to the health of a pupil’s child, or concerns arising from domestic or sexual violence, limitations on a district’s ability to make grade completion and promotion decisions if a student is a parent or victim of violence, and the appointment of a district staff member to serve as a liaison for parents, expectant parents, and victims of abuse. HB 2213 passed the House 76-33 and has not been assigned to committee in the Senate.

HB 2245 (Chapa LaVia) as amended, requires school personnel to participate in training on mandated reporting through an agency or organization with expertise in recognizing and reporting child abuse within one year of employment and once every five years thereafter. The training is available for free on the ISBE website. HB 2245 passed the House 110-1 and is scheduled for a hearing in the Senate Human Services Committee.

HB 2944 (Drury, D-Highland Park) allows private school students to take the ISAT. For test security, the idea is that this would need to occur in public school buildings during the testing window established for public school students. We have concerns about the logistics of managing additional students and costs associated with additional staff for students requiring accommodations. ISBE raised concerns about the additional state appropriation required to cover additional tests and new technological infrastructure needs to properly code
and sort the student information. HB 2944 was approved in the House Education Committee. Rep. Drury has expressed willingness to continue the dialogue about this initiative to better understand our concerns.

**HB 3379 (Tabares)** requires school districts to establish a policy on teen dating violence and provide instruction on this issue in grades 7-12. HB 3379 was approved in the House Education Committee.

**SB 2178 (Harris, D-Flossmoor)** requires public high school districts and private schools to maintain a catastrophic insurance policy for students participating in IHSA sports events. Versions of this proposal have been considered in committee over the last two years, and the latest amendment limits the scope of the insurance coverage to $7.5 million or 15 years of care. The bill was approved in the Senate Education Committee. An identical bill, **HB 127 (W. Davis, D-Hazel Crest)** failed to receive enough votes in committee prior to the deadline. This same concept was debated on the House floor in the 2012 Veto Session and failed by a wide margin.

**HB 2689 (Ives, R-Wheaton)** requires districts to hold a public hearing to discuss the provisions of a collective bargaining agreement prior to ratification. The bill failed to receive enough votes in the House State Government Committee.

**HB 3133 (Franks, D-Woodstock)** requires boards to communicate changes in school building floor plans, emergency response plans, or evacuation plans to the local fire department and law enforcement agency. The bill was approved in the House Education Committee.

**SB 1726 (Mulroe, D-Chicago)** requires future agreements of insurance pools to adhere to a 90 day withdrawal policy instead of provide pool members with flexibility to determine the terms of the withdrawal period. This will create less stability in membership and may have a negative impact on competitive pricing. SB 1726 remains in Senate Assignments and is not assigned to committee.

**SB 1932 (Bivins, R-Dixon)** requires districts to consult with law enforcement and security experts in the design and planning stages of the construction of any new school building or any additions or major remodeling of existing buildings. The bill was approved in the Senate Education Committee.

**SB 2339 (Mulroe, D-Chicago)** as amended requires insurance pools to annually file a notice of certification by an independent actuary noting that the pool’s reserves are in accordance with sound loss-reserving and adequate for the payment of claims and indicate the conditions under which the aggregate coverage or other reinsurance mechanisms take effect. The amendment also requires that the period in which the member must provide written notice of withdrawal from the pool cannot be greater than 90 days. This requirement applies to agreements entered into, modified, or renewed on or after the effective date of the law and does not apply during the initial year of membership in the pool. SB 2339 was approved in the Senate Insurance Committee.
Private School Vouchers

We believe that we can best support our students by fully funding public programs created to promote student achievement. In the last four fiscal years, state funding for Illinois State Board of Education programs dropped over $900 million. We cannot afford to lose additional state funding for public education.

HB 76 (Ford, D-Chicago) creates a voucher program based on lottery receipts. The bill allows students residing in the 20 zip codes that generated the highest lotto sales in 2012 to receive a voucher to attend a nonPublic school. The eligible zip codes are largely in Chicago and include communities in the north, west, and south sides of the city. The bill was discussed in the House Education Committee but was not voted on by committee members prior to the deadline.

SB 1248 (Murphy, R-Palatine) creates the School Choice Act and allows Chicago Public Schools’ students to attend a nonpublic school within the city limits with the assistance of a state voucher. The bill limits access to students attending a K-8 school performing in the lowest 10% in the district or a school with a low income population of at least 70% and deemed as one of the top 5% over crowded schools in the district. This concept received attention in the last three legislative sessions and passed the Senate in 2010. SB 1248 was discussed in the Senate Education Committee and failed to receive enough votes to advance to the Senate floor.

Mandatory Kindergarten/Compulsory Age

Almost all public schools offer at least part-time kindergarten programs; however, ISBE estimates between 4,000-8,000 kids are not enrolled in a part-time or full-time kindergarten program. Our primary concerns about mandated kindergarten programs include available classroom space for new/expanded programs, the cost of additional teachers to accommodate the additional students, and adequate truancy funding to respond to the new requirements. Two helpful resources on these important issues:

- National Conference of State Legislatures: national compulsory school age requirements
- U.S. Senate Research Office: review of kindergarten requirements around the country

SB 1307 (Lightford, D-Maywood) requires public districts to offer a half-day kindergarten program and changes the compulsory age from 7 to 5. Students would still be able to enroll in private kindergarten programs. By adding additional students to district General State Aid claims, the impact to GSA could be as high as $30 million. The bill was approved in the Senate Education Committee.

HB 2405 (Welch, D-Westchester) requires public districts to offer a full-time kindergarten program by the 2016-2017 school year. Districts would still have the ability to offer part-time programs in addition to the required full-time program. The bill was not considered in committee prior to the deadline.

HB 2762 (Scherer, D-Decatur) changes the compulsory age from age 7 to age 6. The bill was approved in the House Education Committee.
Property Tax Issues

School districts and municipalities in Cook and the collar counties are subject to the Property Tax Extension Limitation Law (PTELL) aka the tax cap. PTELL districts are limited in their ability to increase local revenue – defined as the lesser of CPI or 5%. HB 89, HB 95, HB 1310, and HB 3041 eliminate the ability of school boards to increase local revenue by inflationary costs. See the fact sheet for our reasons for opposition. Other proposals seek to reduce local flexibility in district funds and reduce access to property tax dollars.

HB 89 (Franks, D-Woodstock) requires that districts in PTELL (tax capped) communities for which the total taxable Equalized Assessed Valuation (EAV) is less than the previous year, the allowable increase in a district’s extension would be 0% or the rate approved by voters. HB 89 was on the “agreed bill list” meaning that the Dem and GOP leadership agreed to move the bill out of committee prior to the hearing. The committee did not take testimony on the bill or engage in dialogue about the impact on this change on local units of government. We will continue to work in opposition to this legislation. Click here to view the fact sheet on HB 89.

HB 95 (McSweeney, R-Barrington) automatically freezes a district’s tax extension for three years unless local voters approved a different rate though referendum. The bill was not considered in committee prior to the deadline.

HB 1310 (Franks) includes the same provisions as HB 89 but limits the potential freeze to levy years 2013 and 2014. The bill was not considered in committee prior to the deadline.

HB 3041 (Kifowit, D-Aurora) contains the same provisions as HB 89. The bill was approved in the House Revenue Committee.

HB 3226 (Zalewski, D-Riverside) includes several new restrictions for using working cash funds, including limiting the ability to reestablish working cash after abolishing the fund, eliminating the ability of districts to abate its working cash fund, and applying legal penalties against school administrators, board members, or attorneys working on behalf of a board who illegally divert funds from working cash into other district funds. The bill was not considered in committee prior to the deadline.

SB 1403 (Noland, D-Elgin) provides that if a taxpayer has filed an appeal, they may either pay the amount included on the tax bill or subtract the amount that they are disputing from the bill and pay the remaining amount. The sponsor’s intent is to provide property tax relief for taxpayers with a pending dispute which may result in a reduction of property tax refunds. It is our view that districts would not have sufficient time to adjust their budgets to compensate for the reduction in tax revenue. While we do not agree with the current refund process, at least districts are able to intervene in these cases, mitigate the impact of the refund, and somewhat plan for the reduction in revenue. SB 1403 was approved in the Senate Revenue Committee after the sponsor indicated that he would work with education organizations to address our concerns. We committed to continue talking with the sponsor; however, it’s unclear if we will be able reach agreement on this issue.
The following bills are beneficial to public schools by offering flexibility in local decision making.

HB 3 (Chapa LaVie) extends the authority to transfer revenues between certain district funds. The authority will sunset on June 30, 2013 and the legislation would extend transfer power for an additional three years. The bill was approved by the House Education Committee.

HB 2660 (W. Davis, D-Hazel Crest) as amended requires the state to confirm that charter school students reside in the school attendance area and requires the state to pay the per pupil costs associated with educating students attending the two state-authorized charter schools in Illinois (Prairie Crossings Charter School and Southland Prep Charter School). HB 2660 was approved in the House Education Committee.

HB 2242 (Cabello, R-Loves Park) repeals the requirement for school districts to provide daily instruction in physical education starting in the 2013-2014 school year. The bill was not considered in committee prior to the deadline.

HB 2267 (Gordon-Booth, D-Peoria) and SB 1877 (Manar, D-Bunker Hill) includes several initiatives of the Classrooms First Commission. The bill allows districts with noncontiguous boundaries to reorganize as long as the administrative offices are within 30 miles, allows districts with less than 750 students to dissolve without a referendum, and allows districts requiring a new building to delay the effective date of the consolidation until they receive an award through the state construction program. HB 2267 passed the House 106-3 and has not been assigned to a Senate Committee; SB 1877 was approved in the Senate Education Committee. Click here for the fact sheet from the Lt. Governor’s office.

HB 2901 (Zalewski, D-Riverside) provides notification of valuation disputes over $100,000 for corporate and industrial property, allows districts to levy for revenue lost due to property tax refunds outside of the tax cap, and allows districts to establish a special reserve fund after receiving notification of a dispute over $100,000 to be used to pay out refunds. The bill was not considered in committee prior to the deadline.

SB 1362 (Collins) allows districts that comply with the Critical Health Problems and Comprehensive Health Education Act to opt out of another instructional mandate within the Act at the district’s discretion. This follows a new law requiring districts to provide instruction in sexual assault awareness and prevention. We believe this could set a precedent in dealing with unfunded curricular mandates by allowing districts to “trade off” instruction in one area if they comply with a new mandate. The bill was not considered in committee prior to the deadline.

SB 2213 (Sullivan, D-Rushville) allows districts to offer Drivers Education programs by contracting with a commercial driving schools without a waiver. SB 2213 failed to receive enough votes in the Senate Education Committee due to heavy opposition from the IEA and IFT.

SB 2256 (Harmon) as amended, allows districts to “under levy” without negatively affecting the levy in future years, meaning that districts can decide to levy at a lower amount than allowed under PTELL and reserve that
“room” for future years. SB 2256 was approved in the Senate Revenue Committee. A similar bill passed the Senate last year but stalled in the House.

**SB 2337 (McGuire, D-Crest Hill)** removes a district’s Health/Life Safety levy from the provisions of the tax cap. The bill was approved in the Senate Revenue Committee.