FINANCE-LEGISLATION MEETING

Maine South High School Board Room
1131 South Dee Road, Park Ridge
Friday, March 7, 2014
1:30 – 3:00 p.m.

AGENDA

1. Call to Order
2. Introductions
3. Approval of Minutes
4. New Business
5. Pension Update
6. Program: The Senate Education Funding Advisory Committee (EFAC) Report: where do we go from here?
   
   Special Guest: Ben Boer, Policy Director, Advance Illinois

   The process to develop the Fiscal Year 2015 budget has begun! In January, ISBE approved its budget recommendation and requested an additional $1 billion to fund General State Aid and other priority programs. In February, EFAC released its much-anticipated report outlining several recommendations for changing the funding formula and promoting new accountability measures for public schools. We will discuss the ideas on the table, what’s possible for the upcoming year, and how these concepts may impact suburban schools.

   We will also provide an update on pending legislation, including bills aimed to address:
   
   - Student discipline
   - Charter schools
   - Student and employee bullying
   - Property taxes/revenue

7. Adjourn

Next scheduled meeting:

- Finance-Legislation Meeting – Friday, April 4, 2014, 1:30 – 3:00 p.m., Maine South High School Board Room
- Note: we will not meet on Friday, May 2 due to the Illinois ASBO conference
MINUTES
Finance-Legislation Joint Meeting:
ED-RED and Northwest Suburban School Business Officials
Friday January 17th, 2014
1:30p.m. – 3:00p.m.

The meeting was called to order at 1:35p.m.


Approval of Minutes: The minutes of the November 1, 2013 and December 6, 2013 meetings received a motion and a second and were unanimously approved.

ED-RED Update
Erika highlighted the January 27th ED-RED Legislative Dinner and Pre-Dinner Workshops.

IASBO Update
Dr. Mike Jacoby from IASBO reported on the issues and concerns of their members:

EFAC – IASBO predicts that the February report from the Senate Education Funding Advisory Committee is unlikely to include a comprehensive formula, but will likely include suggestions for studying a new formula with student population weights and a different method of prorating GSA. IASBO is advocating for mandate relief for all non-Federal, unfunded mandates.

TASK FORCES – IASBO is monitoring legislation seeking to abolish the State Charter School Commission. The moratorium on virtual charter schools ends in March 2014.

IASBO is also monitoring the Governor’s race, state tax policy and the possibility of a Constitutional Amendment to move to a graduated income tax system, the 70/30 Rule governing the definition of Special Education classes, and lawsuits challenging the constitutionality of SB 1. With regard to the pending lawsuits, Mike reported that a lawsuit from the “We Are One” Coalition is expected. Mike encouraged members to contact him if they could quantify the fiscal impact of upgrading district finance/accounting systems to implement the law.
Program
Ares Dalianis and Scott Metcalf from Franczek Radelet provided an overview of trends in property tax assessment and appeals and new concerns in the property tax arena for taxing bodies. They provided a timeline of the 2+ year property tax cycle, including the timing of property assessments, appeals, district decisions relating to its levy and extension, and receiving revenue from the treasurer.

Refunds
Ares illustrated how the number of tax appeals resulting in a reduction of taxes has steadily increased from 1998 to 2012. In 1998, approximately 46% of appeals resulted in a tax reduction. The percentage has grown to 64% in 2012 with a peak of 75% in 2009. The number is generally higher in the years in which the City of Chicago is assessed (under the triennial assessment system, the city, northern suburbs, and southern suburbs are each assessed once every three years).

Exemptions
The number of requests for tax exempt status (for religious organizations, etc.) has decreased from 2,419 in 1998 to a low of 1,246 in 2012. Tax exemption decisions take time and, if granted, the organization can get refunds for up to three years prior.

Property Classification trends
Another trend affecting district revenue is the increase in properties classified as 6B. The 6B classification provides an incentive to develop or build property with the intention of generating additional economic growth for the community. The assessment rate is 10% for the first 10 years of the classification, 15% for year eleven, and 20% in future years. However, the classification is renewable which allows the reduced assessment rate to continue past the stated ten year time frame. The number of properties that have been classified as 6B in the north suburban reassessment area has increased by 47% since 2008. Members discussed their frustration with the 6B classification and efforts to work with their municipalities to understand the impact of the lower assessment rate.

TIF Agreements
TIF (Tax increment Financing) is a major political and fiscal issue for taxing bodies and their elected officials. The current rate of statewide TIF District EAV is approximately $14 billion after showing a peak in 2009 of $19.75 billion. The extensions granted for TIFs has resulted in over $1 billion being funneled into TIF district accounts after a peak of $1.4 billion in 2009. Seventy percent of the state’s TIFs are in Cook County.

The meeting was adjourned at 3:10p.m.
Respectfully submitted by Mary Anne Brown.
Charters

SB 2779 (Holmes, D-Aurora) eliminates the appeal process for charter proposals that are denied or revoked by the local school board. SB 2799 is assigned to the Subcommittee on Charter Schools. ED-RED supports the bill.

SB 2627 (Lightford, D-Westchester)/HB 3754 (Chapa LaVia, D-Aurora) abolishes the State Charter School Commission. The Commission was created in 2011 as the government body responsible for reviewing appeals from charter entities that were denied by the local “home district.” Prior to this, the ISBE held the responsibility of reviewing charter appeals. The legislation seeks to revert to the old process and return the responsibility of monitoring charter programs and acting on appeals to the ISBE Board Members and agency staff. Concerns have been raised about the lack of balance in the composition of the Commission, the Commission’s ability to use private funding for operations, and if there is a reason to have a separate entity reviewing charter appeals. HB 3754 was approved in the House Education Committee and is pending on the House floor; SB 2627 is assigned to the Subcommittee on Charter Schools. ED-RED supports the bill.

HB 4287 (Chapa LaVia, D-Aurora) states that if a local district denies, revokes, or does not renew a charter and the decision is reversed by the State Charter School Commission or the state agency upon appeal, the charter cannot be established unless it is approved by referendum at the next regular election. HB 4287 was approved in the House Education Committee and is pending on the House floor. ED-RED supports the bill.

Student Discipline

SB 2760 (Lightford, D-Maywood)/HB 4191 (Welch, D-Westchester) creates the Student Bill of Rights and specifies a new process for questioning students who are suspected of being involved in an incident or students who may have information pertaining to an incident. Prior to being asked any question while in the presence of a police officer or a district-employed Student Resource Officer (SRO), a student must be informed of their right to refuse answering questions or making a statement, that they have the right to have a parent or attorney present during questioning, and that information given in the presence of a police officer or SRO may be used in school disciplinary action or criminal prosecution. Before police or a SRO may question a student, a parent or guardian must be notified 48 hours in advance and informed that they may be present during the questioning. SB 2760 was approved in the Senate Education Committee with the agreement that the sponsor would engage in discussion with opponents before the bill advanced on the Senate floor; HB 4191 has not been assigned to committee. We believe the bill will severely curtail the use of SROs. ED-RED is working with the sponsors and proponents of the bill to develop an amendment to address our concerns with the legislation.
SB 2793 (Hutchinson, D-Olympia Fields) requires the school report card to include new data on the issuance of out-of-school suspensions, expulsions, and removals to alternate settings, data on the use of arrests of criminal citations for students enrolled in school, and data on student retention during and between academic years. The bill further requires the information to be disaggregated by ethnicity, gender, age, grade level, disability status, and limited English proficiency status. The bill requires ISBE to determine the top quartile of districts based on the proportion of instructional days for which students were excluded, proportion of student arrests or criminal citations, and racial disproportionality. Districts identified in the top quartile will be required to submit a school discipline improvement plan. SB 2793 is assigned to the Senate Education Committee. ED-RED is working with the sponsor and proponents of the bill to develop an amendment to address our concerns with the legislation.

SB 3004 (Lightford, D-Maywood)/HB 4655 (W. Davis, D-Hazel Crest) seeks to reduce the use of suspensions and expulsions as a disciplinary measure for situations that do not threaten student or staff safety and reduce the number of days for which students can be suspended for these offenses. The bill also prohibits law enforcement from arresting students or issuing citations on school grounds or during a school-sanctioned event. SB 3004 is assigned to the Senate Education Committee; HB 4655 is assigned to the House Education Committee. ED-RED is working with the sponsors and proponents of the bill to develop an amendment to address our concerns with the legislation.

Curriculum and Assessment

SB 2682 (Hastings, D-Matteсон) requires districts to provide instruction in the history of organized labor in America and the collective bargaining process in U.S. History courses in elementary and high school. SB 2682 is assigned to the Senate Education Committee. ED-RED opposes the bill. View our fact sheet regarding our opposition to new curricular mandates.

HB 3724 (D. Burke, D-Chicago) requires students to participate in training on how to properly administer cardiopulmonary resuscitation and how to use an automated external defibrillator as part of the health education curriculum. HB 3724 was approved in the House Education Committee and is pending on the House floor. ED-RED opposes the bill. View our fact sheet regarding our opposition to new curricular mandates.

HB 4260 (Morrison, R-Palatine) allows districts to discontinue, by publicly adopted resolution, any instructional mandate in the Courses of Study Article of the School Code during a period in which state funding is delayed by at least one payment cycle. The bill provides that if a student requests information on any instructional mandate that has been discontinued, then the school district shall provide the student with the requested information. The legislation exempts P.E. and Drivers Ed from the flexibility. HB 4260 has not been assigned to committee. ED-RED continues to support this approach to providing additional authority at the local level.

HB 5330 (Chapa LaVia, D-Aurora) requires the ISBE to review national, statewide, and local assessments administered by school districts and submit an annual report with recommendations to the General Assembly and State Superintendent. HB 5330 is assigned to the House Education Committee.
HB 5621 (Fortner, R-West Chicago) changes graduation requirements for freshmen entering high school in the 2015-2016 school year and each subsequent school year by requiring 4 (instead of 3) years of mathematics and 3 (instead of 2) years of science, one of which must be a laboratory science. The bill provides that, when applicable, math-intensive courses may be counted towards the fulfillment of the requirement. HB 5621 is assigned to the House Education Committee. ED-RED is working with the sponsor to clarify the intent of the legislation and ensure that district have the discretion to identify courses which would qualify as a “math-intensive course.”

Property Taxes/Funding

SB 2854 (Jones, D-Chicago) allows property owners in Cook County to seek refunds for an overassessment that occurred within the last twenty years (instead of the last five years). This follows a recent law providing a one year window for property owners to request a refund from their overpayment that occurred within the last twenty years. Proponents estimate that property owners are still owed approximately $300,000 in payments. SB 2854 was approved in the Senate Revenue Committee and is pending on the Senate floor. ED-RED opposes the bill.

HB 3727 (Sandack, R-Downers Grove) requires that districts in PTELL (tax capped) communities for which the total taxable Equalized Assessed Valuation (EAV) in the current levy year is less than the previous year, the allowable increase in a district’s extension is 0% or the rate approved by voters. HB 3727 has not been assigned to committee. ED-RED opposes the bill.

HB 4426 (Sandack, R-Downers Grove) is a variation of HB 3727. The bill limits the extension (0%) in the event that (i) the total taxable EAV is less than the previous year or (ii) if the median EAV for the current year and the two levy years immediately preceding the current year is less than the median EAV for the three levy years immediately preceding that three year period. HB 4426 is assigned to the House Revenue Committee. ED-RED opposes the bill.

HB 4680 (Pritchard, R-Sycamore) for dual districts (grades K/1-8 or 9-12), phases down the maximum tax rate for educational purposes from 3.5% to 2.0% over five years and the maximum tax rate for operations and maintenance purposes from 0.55% to 0.375% over five years (beginning in 2015 and permanently set at the lower rate in 2020). HB 4680 is assigned to the House Revenue Committee. ED-RED opposes the bill.

SJR 44 (Lightford, D-Maywood) recommends the abolishment of the proration of General State Aid and urges the members of the General Assembly to pass legislation that would equitably spread any education funding reductions among school districts by evenly cutting dollars on a per-pupil basis or using another non-regressive approach. The foundation grant, alternate level grant, flat grant, and the district’s Supplemental GSA/low income grant are prorated at 89% in Fiscal Year 2014. SJR 44 is assigned to the Senate Education Committee. ED-RED has engaged in discussion with the sponsor and other stakeholders about the “best way” to prorate GSA. This will be a topic of discussion at our April 4, 2014 Finance-Legislation Meeting.
District Operations

HB 4207 (Fine, D-Evanston) requires districts to create a policy specifying the process of investigating whether a reported act of cyberbullying is within the scope of the district and, if not, the process for referral of such an act to the appropriate jurisdiction. HB 4207 is assigned to the House Education Committee. ED-RED is working with the sponsor to align the legislative language with case law.

HB 4480 (Franks, D-Woodstock) allows districts to opt out of serving as a polling place if the board determines that serving in this capacity makes it infeasible to enforce its written and standard policies regarding persons who are not students of/employed by the school entering the building. HB 4480 has not been assigned to committee.

HB 4524 (Tabares, D-Chicago) requires parents to identify and disclose any food allergies of their student(s) to school personnel, requires districts to disseminate the information to all relevant school personnel, and requires districts to develop and implement an individualized health care and food allergy action plan for each student with a life-threatening food allergy. HB 4524 is assigned to the House Education Committee.

HB 5332 (M. Davis, D-Chicago) aligns state statute with the provisions of the “70/30 Rule” in state Administrative Code defining “general education classroom” and the allowable staff/student ratio. Districts report that the 70/30 Rule places an unnecessary restriction on the composition of general education classrooms, fails to consider the specific accommodations required under IEPs, and does not distinguish between students who require/do not require support in the content area. Over the last year, this issue has been a subject of vigorous debate at the ISBE. The State Superintendent supported the elimination of the 70/30 Rule; however, the Board did not proceed with the rule change. The Illinois Association of Administrators of Special Education, ED-RED, and many other organizations supported the change. Some parents and teachers were concerned that without the 70/30 Rule in place, classrooms will be overloaded with students with IEPs; however, this does not acknowledge that districts make staffing decisions based on the accommodations required by each student and the parameters of their IEP. HB 5332 has not been assigned to committee. ED-RED opposes the bill.

HB 5427 (Cabello, R-Loves Park) requires several new policies and processes in an effort to eliminate harassment, intimidation, and bullying in school districts. The legislation requires two hours of training on these issues for teachers, student teachers, administrators, and school board members; it also requires the ISBE to create an online tutorial which may be used to satisfy the training requirement. The legislation further requires principals to provide a public report on the number and status of investigations into reported incidents of violence, vandalism, harassment, intimidation, and bullying. This information will be used to “grade” schools based on criteria set by the State Superintendent. Districts would also be required to appoint a district anti-bullying coordinator, an anti-bullying specialist at each school, and school safety teams at each school — all with specific responsibilities and meeting schedules. HB 5427 is assigned to the House Education Committee. ED-RED opposes the bill.
HB 5707 (Cassidy, D-Chicago) requires districts to develop an extensive policy on bullying including specific procedures for reporting bullying incidents to principals, communicating with parents, and the timeline for conducting investigations. HB 5707 is assigned to the House Education Committee.

SB 3310 (Bertino-Tarrant, D-Shorewood) reduces the frequency of required annual or biennial inservice training in several areas to only be required upon employment, renewal of a license, or if a position specifically requires the training. SB 3310 failed to advance out of the Senate Education Committee. ED-RED supports the bill.

**Pensions**

HB 3760 (Franks, D-Woodstock) changes pension benefits for individuals who retire after the effective date of the bill and become employed in a position that is eligible to receive benefits in the same or a different pension system. The bill allows the retiree to keep $2,000 per month of their annuity but considers any additional revenue an “offset” for the salary that they are receiving from their new employer. The bill further requires the state pension systems to cease assessing a contribution from an employee who has “maxed out” on their retirement benefit. HB 3760 has not been assigned to committee. ED-RED opposes the bill.
ED-RED
Finance-Legislation Meeting

Senate Education Funding Advisory Committee Report:
Where do we go from here?

March 7, 2014

Legislative Update

- Charter School Legislation
  - SB 2779, SB 2627/HB 3754, HB 4287

- Student Discipline Legislation
  - SB 2760/HB 4191, SB 2793, SB 3004/HB 4655

- Anti-Bullying Legislation
  - HB 4207, HB 5427, HB 5707

FY 15 Revenue Projections

- Backlog: high of $9.9 billion in 2010, $6.4 billion in December 2013, estimated $5.6 billion by June 30

- House agreement includes:
  $719 million reduction to Human Services
  $967 million reduction to K-12
  $248 million reduction to higher education
  $303 million reduction to public safety
  $144 million reduction to General Services
EFAC Report
Single Funding Formula
• How it would work
• What it may include
  – Special Education, low income, ELI, CTE, gifted, transportation
• What it may not include
  – High cost Special Education, early childhood, capital
• Concerns with IDEA
• Next steps in development

EFAC Report
• Additional reporting for school level (vs. district) expenditures
• Minimum State Payment for all districts
• PTELL Adjustment
• Transition time for districts