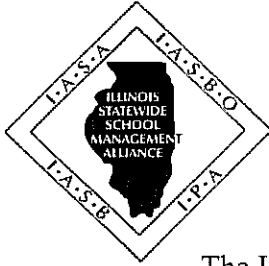


May 31, 2009



## ALLIANCE LEGISLATIVE REPORT (96-22)

### BUDGET APPROVED; LEGISLATURE ADJOURNS

The Illinois General Assembly met its scheduled adjournment date Sunday night, but failing to approve sufficient new revenues to meet budgetary needs, a “50% budget” was all lawmakers could muster. Though the Senate passed a bill Saturday night that would have increased the State income tax rate, the House failed to approve such a bill. Both chambers then approved bills that provide State agencies – and the Illinois State Board of Education – with 50% of the funds recommended by **Governor Pat Quinn**. If there are no changes, drastic cuts across State government are expected. The Governor and the legislative leaders are expected to meet soon to discuss the budget scenario and lawmakers will likely be back in Springfield this summer.

#### FATE OF INCOME TAX BILLS

The Senate approved **HB 174** late Saturday, a bill that contained most of the provisions that were originally part of **SB 750**. The bill increased the State individual income tax rate from 3% to 5% and increased the State corporate income tax rate from 4.8% to 5%. It also expanded the State sales tax to cover 39 specific consumer services. It would have provided approximately \$6 billion in new State revenues. A complete synopsis of HB 174 is available on the web. Just go to [www.iasb.com](http://www.iasb.com) and click on the “Government Relations” tab.

**Senate President John Cullerton (D-Chicago)** sponsored the bill in the Senate. The bill was approved on a vote of 31-27-1 with all Republicans voting “No” and 31 of the 37 Democrats voting “Yes”.

The House Appropriations – Elementary and Secondary Education Committee considered the bill Sunday morning. It approved the bill, sponsored in the House by **Representative David Miller (D-Dolton)** and sent the bill to the House floor. However, when the two parties held caucus meetings with their respective members later Sunday, it was evident that the bill lacked the necessary votes for passage. Reportedly, no Republicans were in favor of the bill and only 35 of the 70 Democrats in the House were ready to support the legislation. It takes 60 votes to pass a bill in the House. The bill was never called for a vote on the House floor.

**House Speaker Michael Madigan** did call another less ambitious temporary tax increase bill for a vote on the House floor. **SB 2252**, sponsored by **Representative Barbara Flynn Currie** in the House, would have increased the State individual income tax rate from 3% to 4.5% and would have increased the corporate income tax rate from 4.8% to 7.2%. That increase would have expired after two years. The bill was defeated on a vote of 42-74-2.

#### THE 50% BUDGET

Exasperated by the loss of the tax increase bill, House Democrats then offered a series of bills that appropriates “all of the money we have left”. Without adequate new revenues to cover the budget deficit, the available funds will cover 50% of the Governor’s recommended funding for State

appropriations. The funds were appropriated in “lump sums”, as opposed to being allocated by budget line items, and will require the Governor and agency directors to dole out the money how they see fit in an attempt to stretch one-half of a year’s budget revenues to cover one entire year.

## EDUCATION BUDGET

Elementary and secondary education did fare slightly better than other State agencies. The legislature Saturday approved **HB 2129 (Madigan, D-Chicago)** which appropriates enough money to fully fund the mandated categorical grants (special education, transportation, etc.) for Fiscal Year 2010 and appropriates the full amount of funding for the General State Aid formula to provide for an increase of \$231 per pupil in the foundation level for Fiscal Year 2010.

The “50% budget”, then, is for other budget line items for school districts that flow through ISBE; this is contained in **SB 1197**. The education agency will have to use these funds for the other grants: i.e. Early Childhood Education Block Grant, School Improvement Block Grant, Bi-Lingual education, Gifted Education.

It will be up to the members of the ISBE and the State Superintendent how they allocate these funds. They could keep all line items and fund at 50% (unlikely), or they could pick and choose budget line items and fund them accordingly, with some being “zeroed out”.

## OTHER BUDGET ITEMS

**SB 1433 (Trotter, D-Chicago)** is the “funds sweeps” bill that reallocates money from many of the State’s dedicated funds into the General Revenue Fund (GRF). It brings approximately \$440 million into GRF to be used for other budgetary purposes.

**SB 2218 (Trotter)** is the budget implementation bill (BIMP) for education. It makes the necessary change to increase the foundation level by \$231 per pupil for Fiscal Year 2010.

**HB 2145 (Madigan)** contains appropriations for the ISBE operations and personnel.

**HB 2206 (Madigan)** contains appropriations for the ISBE to pass through federal funds.

## PENSION ISSUES

No major pension legislation was approved this spring, though the issue of modifying the five State pension systems is still on the front burner. **House Joint Resolution 65 (McCarthy, D-Orland Park)** was approved to create the Pension System Modernization Task Force. Its charge is to recommend pension benefit changes to modernize the Teachers' Retirement System of the State of Illinois, the State Universities Retirement System, and the State Employees' Retirement System of Illinois. The task force will be comprised of: 8 legislators, 2 members representing teachers' unions, 2 members representing other statewide unions, 4 members representing business interests, 2 members from the annuitant groups (i.e. IRTA), and a chairman appointed by the Governor.

## **LEGISLATION SENT TO THE GOVERNOR**

The following bills were approved by the legislature and will be sent to the Governor for consideration:

**SB 189 (Raoul, D-Chicago)** is the re-write of the Freedom of Information Act. A complete synopsis of the bill is posted on the web. Just go to [www.iasb.com](http://www.iasb.com) and click on the "Government Relations" tab.

**SB 235 (Lightford, D-Maywood)** provides that upon the abolition of the Chicago School Finance Authority, all of its rights and property shall pass to and be vested in the Chicago Board of Education.

**SB 612 (Lightford)** doubles the number of Charter Schools allowed to 120, with 70 schools allowed in Chicago. The bill makes many other changes to the Charter Schools Law.

**SB 1293 (Clayborne, D- E. St. Louis)** adjusts debt limitations for Belle Valley S.D. #119.

**SB 1570 (Pankau, R-Roselle)** creates the School Wind and Solar Generation Program to fund wind generation projects and solar generation projects for school districts and community college districts.

**SB 1595 (Syverson, R-Rockford)**, in provisions limiting locations of inter-track wagering location facilities, specifies that the schools that the facilities may not be located near are elementary or secondary public or private schools recognized by the State Board of Education.

**SB 1977 (Meeks, D-Chicago)** makes numerous changes throughout the School Code to make technical and clarification changes.

**SB 1984 (Lightford)** provides that a charter school shall comply with all provisions of the Illinois Educational Labor Relations Act. Further, the bill provides that "educational employer" under the Illinois Educational Labor Relations Act includes the governing body of a contract school or contract turnaround school in Chicago and also includes a subcontractor of instructional services of any school district.

**HB 72 (D'Amico, D-Chicago)** prohibits a person to use a wireless telephone in a school speed zone or a construction zone, with certain exceptions.

**HB 353 (Winters, R-Shirley)** requires school districts to change the message on the back of their school buses the next time the sign is due to be changed.

**HB 363 (Soto, D-Chicago)**, for Chicago public schools, creates a Special Joint Chicago Facilities sub-committee to discuss school closings, openings, repairs, additions, school phase-outs, consolidations and boundary changes.

**HB 547 (Pihos, R-Glen Ellyn)** requires state and local government agencies to develop an identity-protection policy.

**HB 613 (Eddy, R-Hutsonville)** provides that the acceptance of bids sealed by a bidder and the opening of these bids at a public bid opening may be permitted by an electronic process (except for bids for construction projects).

**HB 628 (Osterman, D-Chicago)** requires school districts to provide access for special education student parents, independent educational evaluators, or experts hired by parents for the purpose of observation of students in the school setting.

**HB 684 (Burns, D-Chicago)** requires the ISBE to make grants, subject to appropriation, for funding community schools.

**HB 740 (Smith, D-Canton)** requires the State Board of Education to establish a 2-year pilot program to assist in the creation and promotion of green career and technical education programs in high schools.

**HB 921 (Burke, D-Chicago)** deletes the requirement that a physical fitness facility have a trained AED staffer present during all physical fitness activities and states that such a trained person need only be available during “staffed business hours”.

**HB 944 (Eddy)** disallows certification of a school district as in financial difficulty solely as a result of the failure of the county to make a distribution of property tax money on time or the failure of the Comptroller to disburse General State Aid.

**HB 1335 (Schmitz, R-Batavia)** provides that, for facilities already in existence, a school board does not have to comply with the Illinois Accessibility Code with respect to accessibility to press boxes that are 1,000 square feet or less and that are on school property.

**HB 2448 (Miller, D-Calumet City)** allows a school district, by resolution, to establish a remote educational program (i.e. an educational program delivered to students in the home or other location outside of a school building).

**HB 2675 (Eddy)** authorizes a school board to hold school or schedule teacher' institutes on school holidays under certain circumstances.

**HB 3990 (Hamos, D-Chicago)** creates the Local Food, Farms, and Jobs Act that encourages that 10% of the food purchased by entities funded in part or in whole by State dollars (including school districts) be local farm or food products by 2020.

*\*The legislative report is written and edited by the lobbyists of the Illinois Association of School Boards to provide information to the members of the organizations that comprise the Statewide School Management Alliance.*