



HB 174 ANALYSIS (as of May 30, 2009)

Senate Amendment #2

Senate Amendment Sponsor: Cullerton

The bill contains provisions originally contained in SB 750 to make changes in the Illinois tax structure. It would raise approximately \$6 billion in new tax revenues and would provide additional funds for public schools.

***This amendment differs** from the last version of SB 750 as follows: reduces the amount of new revenues from this tax increase that is allocated to elementary and secondary schools and increases the amount that is allocated to higher education and to the State General Revenue Fund (GRF); makes the Illinois income tax credit for property taxes paid a refundable credit; clarifies that the Illinois income tax credit for property taxes paid only applies to the taxpayer’s principal residence; increases the corporate income tax rate from 4.8% to 5% (instead of 7.2%); and redirects (in FY 2010 only) \$20.8 million per month into the Common School Fund from the Local Government Distributive Fund (State income tax funds which otherwise would flow to municipalities).

Like the last version of SB 750, this bill does not: contain a capital infrastructure plan; contain a provision to exempt salary earned from mentoring from the 6% salary cap; contain increases in reimbursement for special education teachers; contain an increase in the Early Childhood Education Block Grant; contain a provision to allow performance-based teacher pay incentives; contain a provision for “Hard-to-Staff” schools; contain provisions for teacher dismissal procedures; or contain provisions for teacher evaluation procedures.

Page 2	Responsible Education Funding Law	Requires that the Fiscal Year 2010 appropriation for education cannot be less than the total education appropriation in FY 2009
Page 3	New Revenues to Common School Fund	Requires (starting in Fiscal year 2011) that 33 1/3 % of all new revenues generated from the tax increases in this Act are allocated to the Common School Fund each year (this must be <i>added to</i> the appropriation amount from the previous year); 16 2/3 % of all new revenues generated from the tax increases are allocated to the Higher Education Fund; the remainder would remain in the State General Revenue Fund (GRF)
Page 5	Income Tax Rate	Increases individual rate from 3% to 5%
Page 6	Income Tax Rate	Increases corporate rate from 4.8% to 5%
Page 33	Income Tax Credit for Tuition	Increases the cap for the income tax credit for private school tuition from \$500 to \$1,000

Page 37	Net Income	Defines “net income” for exemption purposes
Page 43	Property Tax Relief	Increases the income tax credit on property taxes paid from 5% to 10%, capped at \$1,500 (the \$1,500 cap is then indexed to CPI in subsequent years)
Page 44	Earned Income Tax Credit	Triplies the amount of the income tax credit to low-income earners
Page 47	Failure to Pay Tax	Makes adjustments to the Tax Code section on failure to pay estimated taxes
Page 54	Local Government Distributive Fund	For Fiscal Year 2010, reallocates \$20.8 million per month from the Local Government Distributive Fund to the Common School Fund
Page 62	Sales Tax Expanded To Services	Expands the State sales tax to cover 39 different consumer services; the specific services are listed in the bill
Page 73	Early Childhood Education Funding	Retains FY 2010 funding at the FY 2009 level
Page 73	Education Financial Award System	Additional funding for districts that show achievement
Page 79	New District Improvement Plans	In cooperation with bargaining unit and provides funds to develop the plan (\$150 per teacher/administrator)
Page 80	Education Improvement Plans	Developed “in collaboration with parents, staff, and the staff’s exclusive bargaining” unit
Page 81	Digital Learning Grants	For grades 9-12; based on need
Page 87	Best Practices Clearing House	ISBE solicits and collects information
Page 88	STEM Grants	Permissive grants for science and math
Page 98	School Improvement Partnership Pool	Permissive – must not have made AYP for 2 years If accessed, funds to be used for: staff training literary coaching class size reduction after school programs summer school programs

Page 99	Resource Management Service	Required. Must have a certified business official or have staff trained by ISBE (only if appropriation is made)
Page 103	Risk Assessment as Part of District Audit	The audit must look at risk assessment of district internal controls
Page 105	District Audits Out to Bid Every 5 years	Must conduct an RFP for auditors at least once every five years
Page 107	School Board Member Training	School board members are encouraged and expected to receive professional development and training, but not mandated
Page 110	District Report Card	Must include indicator describing whether the school District has improved, declined, or remained stable regarding academic growth and must include longitudinal data
Page 111	Financial Policies	Contains language on what should be included in the formal, written financial policy
Page 112	Long Term Financial Plan	Requires the plan for a 3-year period
Page 113	Capital Improvement Plan	Requires a 5-year capital improvement plan
Page 114	Immunity for Mentors	Indemnifies staff who mentor teachers
Page 115	School District Finances	Must have executive summary of budget, goals, financial factors and trends, budget forecast, etc.
Page 116	Audit Committee	An audit committee is required, and may include persons who do not serve on the board to “review audit reports”
Page 117	Non-Referendum Bonds	May be issued in certain circumstances
Page 122	Foundation Level Increases	Strives to obtain EFAB level \$6,190 per student 2009-2010 \$8,410 per student “as soon as practicable”
Page 160	New Teacher Mentoring	New criteria and standards. Cost increases from \$1,200 per teacher (currently) to \$6,000 (contains mandate relief if no funding is appropriated)

Page 170	IASB Required to Offer Specific Training and Report	School finance, financial oversight and accountability, labor law and collective bargaining, ethics, duties and responsibilities of a school board member, and board governance principals must be offered by IASB. Every school board member is expected to receive at least 4 hours of professional development per year.
		IASB must report to Governor and ISBE the training topics offered and the number of school board members that attended.
Page 171	Transportation Reimbursement	Allows for reimbursement for transporting Pre-K students

This analysis was created by the Governmental Relations Department of the Illinois Association of School Boards.