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Fwd: Alliance Legislative Report 100-32

Jason Bauer <jbauer@panaschools.com>
To: Dara Thompson <dthompson@panaschools.com>

Fri, Jul 7, 2017 at 7:34 AM

For the July 17 Board Meeting

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From: **IASA** <iasa@iasaedu.org>
Date: Thu, Jul 6, 2017 at 6:09 PM
Subject: Alliance Legislative Report 100-32
To: jbauer@panaschools.com

July 6, 2017

**ALLIANCE LEGISLATIVE REPORT (100-32)****OVERRIDES SUCCESSFUL - BUDGET IN PLACE**

The Illinois House of Representatives approved motions to override the Governor's vetoes on the three budget bills passed earlier this week. The motion to override SB 9, the bill that would increase income tax rates, passed on a vote of 71-42. The override motion on SB 42, the budget implementation bill (BIMP), passed on a vote of 71-41. The final motion, to override SB 6, the appropriations bill, was successful on a vote of 74-37. 71 votes are necessary to override a veto in the House. The bills become effective immediately.

This will be the first time the State has operated under a full budget in over two years. But, obviously, in the end, it was not an agreement or bipartisan compromise between the Governor and legislative leaders. The Governor worked hard to convince legislators, specifically Republican House members, to vote against the veto overrides. Ultimately, 10 House Republicans voted for the override motions.

The House adjourned until the call of the Speaker; the Senate adjourned Tuesday until the call of the President. Lawmakers will likely be back in the Capitol before summer is over to discuss the other outlying issues that have been under discussion.

SB 9 will increase the individual income tax rate from 3.75% to 4.95% and the corporate rate from 5.25% to 7%. It is expected to generate more than \$5 billion in revenue to the State.

SB 6 appropriates \$350 million for a new, evidence-based funding formula for K-12 education, includes \$65 million for regular transportation reimbursements to school districts which will set the proration level to over 80%, and increases Early Childhood Education funding by \$50 million and Bilingual Education funding by \$29 million. The other mandated categorical grant line items will be funded at least at Fiscal Year 2017 levels.

SB 42 contains the substantive language necessary to implement the budget items. The BIMP bill also includes pension language that would affect school districts. It authorizes state retirement systems, including the Teachers' Retirement System (TRS), to offer a Tier III defined contribution plan. In such a plan, the employee would contribute 6.2% of his/her creditable earnings while the employer would contribute 2%. SB 42 also would shift the normal pension costs from the State to the local school district for the amount of salary for any employee whose creditable earnings is higher than the salary of the Governor (\$180,000).

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