

# IASB Legislative Report 104-18

*Delivered via email: October 17, 2025*

## First Week of Veto Session

The General Assembly returned to Springfield this week for the first week of a two-week veto session. Major topics of discussion included mass transit reform, federal immigration enforcement activities in Illinois, federal redistricting, and state budget concerns due to the passage of the federal Budget Reconciliation Act (HR1).

While no major action occurred on any of those issues, they led to subject matter hearings, lengthy caucus meetings, and member statements on the floor.

## Federal Budget Reconciliation (HR1) Impact on State Budget

After the General Assembly adjourned for the summer at the end of May, the federal government passed the Budget Reconciliation Act (HR1) in July. HR1 will impact the state's budget in some significant ways. Currently, the Illinois income tax is largely based on the federal income tax code. If Illinois does not "decouple" from some or all of the individual and corporate tax breaks passed in HR1, Illinois faces losing more than \$800 million in revenue annually. The House Appropriations Health and Human Services Committee also held a hearing this week on the impact of HR1 on the Supplemental Nutrition Assistance Program (SNAP) in Illinois. New administrative cost-sharing requirements, pressure to add as many as 250 state employees needed to administer the program, and the state's SNAP error rate, if not remedied, would cost Illinois almost \$800 million annually once those provisions go into effect in 2026 and 2027. Separately, the Illinois Department of Human Services announced that SNAP beneficiaries will not receive benefits in November, unless the federal shutdown ends.

## Committee Action

Committee action was light this week with the Senate Pensions Committee holding a subject matter hearing on a proposal ([SB1893](#)) to increase the state-funded Chicago Teacher's Pension Fund (CTPF) health insurance subsidy to lower health insurance costs for retired Chicago teachers. Additionally, the Senate Education Committee met briefly and approved legislation ([SB2683](#)) extending local bond authorization for a district due to that district's unique circumstances.

## Final Floor Action

**FOIA/OMA Omnibus ([SB243](#))** - At the end of Spring Session, numerous omnibus bills stalled. This week the House approved one of those bills, the FOIA/OMA omnibus bill ([SB243](#)), on concurrence. Provisions in the bill include requiring electronic requests for public records to appear in the body of the email (to reduce cybersecurity risk from attachments or hyperlinks) and addressing AI-generated FOIA requests by allowing public bodies to require the requester to verify that the requester is a person.

## Three Bills to Watch in Week Two of Veto Session

1. **Tier 2 Pension Reform ([SB1937](#))** – Just before adjourning on Thursday, the House assigned [SB1937](#) to the House Executive Committee. [SB1937](#) is the omnibus Tier 2 pension reform bill introduced during Spring Session. The bill not only brings TRS and other state pension funds into compliance with the federal Social Security Safe Harbor requirement, it also makes comprehensive changes to Tier 2 benefits for retirees. Some important changes include: 1) Lowering the normal retirement age from 67 years for Tier 2 members to 65 years (with 20 years of service) or 62 years (with the maximum years of service), and 2) Moving to a 3% annual simple interest increase for retirement benefits, replacing smaller cost of living adjustments. While it is unclear how the increased benefits will be funded and whether the Governor is supportive of this legislation, assigning the bill to Committee was a significant step.
2. **K-2 Student Discipline ([HB3772](#))** – An initiative of ISBE, this bill was called during Spring Session but failed to receive enough votes for an immediate implementation date. It was, therefore, withdrawn from consideration by the sponsor but may be reintroduced during the veto session. This bill limits the use of suspensions and expulsions for students in grades K-2. It provides that no K-2 student may be expelled unless required by the federal Gun-Free Schools Act. It also requires a superintendent to provide verbal or written approval to suspend a student in grades K-2 for longer than three school days.
3. **Property Tax Relief Grant Program Report ([HB1863](#))** – As part of a larger omnibus bill, this legislation includes a provision that requires the Professional Review Panel

(PRP) to provide a report by March 2026, assessing the impact of the Property Tax Relief Grant program. As a reminder, in FY2026, EBF was funded at \$307 million instead of the \$350 million statutory minimum, of which \$300 million is allocated to Tier funding and \$50 million to the Property Tax Relief Grant Program. While Tier funding was not impacted, this reduction was accomplished by eliminating the Property Tax Relief Grant program for FY2026. This report will be helpful in determining whether the grant program should be reestablished in the FY2027 budget.

### **Final Week of Veto Session is October 28-30**

The General Assembly will be on break next week, returning to Springfield October 28-30.

## **Illinois Association of School Boards**

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