



FULL FUND TRANSFER AUTHORITY RESTORED UNTIL 2024

With the Governor's approval of Public Act 102-671 on November 30, 2021, the authority of school boards to transfer money between principal school district operating funds without limitation has been restored, at least through June 30, 2024.

Section 17-2A of the School Code has long provided a mechanism for interfund transfers, which can be accomplished after a timely published notice and a public hearing. One substantive limitation on these transfers expressly stated in the law has been that each transfer must be "made solely for the purpose of meeting one-time, non-recurring expenses." However, for over 20 years, the law has also provided for a temporary waiver of that non-recurring use limitation. Further, every time the expiration date for that waiver period has approached, the General Assembly has seen fit to extend the time period. That is, until June 30, 2021, when



the legislature allowed the waiver period to pass without any action to extend it.

However, during this past fall's veto session of the General Assembly, House Bill 594 was passed with several government-related provisions. Among the provisions was an amendment to Section 17-2A which again waives the non-recurring use limitation on fund transfers for a defined period of time. The new date for expiration of the waiver period relating to fund transfers is now June 30, 2024.

Fund transfers under Section 17-2A must be preceded by a public hearing and a notice for that hearing must be published in a newspaper no more than 30 days nor less than 7 days in advance. The transfer may be between any of a school district's three principal operating funds: Educational, Operations & Maintenance, and Transportation. Further, since 2017, transfers from the Tort Immunity Fund to the Operations & Maintenance Fund have also been permitted. There is no statutory limit on the amount of money transferred in this manner. And now, at least until July 1, 2024, a school board need not present or explain the purpose of the transfer or attempt to justify it as for a non-recurring expense.

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Districts should also be aware that another fund transfer mechanism with a sunset provision expiring on June 30, 2021, was not extended by this legislation. Section 17-2.11(j) had permitted the transfer of unused life safety revenues to the Operations and Maintenance Fund, subject to a public notice and hearing like the one in Section 17-2A. Currently, that option is not available to districts, however.

If you have any questions or would like assistance in accomplishing timely fund transfers, please do not hesitate to contact one of our attorneys.