**Purpose of Agenda Item**

To present the proposed amendments as an item for future action and secure the Board’s authorization to distribute them for public comment.

**Expected Outcome of Agenda Item**

A motion authorizing the staff to publish the proposed amendments in the *Illinois Register* to elicit public comment.

**Background Information**

These amendments implement P.A. 92-121, which takes effect on July 1, 2002, and makes mandatory the electronic transfer of funds to school districts and other entities that receive payments from the State Board of Education.

Some of the changes being proposed in this set of amendments flow directly from the establishment of the requirement to receive funds electronically. The most salient of these are the changes in Section 155.20 that make participation a requirement instead of an option and the repeal of Section 155.50, which has described how to terminate electronic fund transfer arrangements. Other revisions are technical in nature and reflect changes in the Comptroller’s system that must be carried over into our rules as well.

Two substantive issues are likely to arise as we receive public comment on this rulemaking. Both relate to subsection (b) of Section 155.20 (Participation) and to language in the statute that permits school districts to have payments due them directed to their respective regional superintendents on their behalf:

> If a school district entitled to payment wishes an electronic payment to be made to the district’s regional office of education on the district’s behalf, the school board, with the approval of the regional office of education, must provide a
resolution to the State Board of Education directing that the electronic deposit be made into the account of the regional office of education.

We are aware that some regional superintendents would like to see this option extended to other payees such as nonpublic schools as well. The rule as drafted is based on the statutory language and reflects the legal interpretation of the well-defined term “school district.”

Subsection (b) also provides for action every two years on the part of each school board that wishes to take advantage of this option, rather than permitting such an arrangement to continue until revoked. We believe that each school board will want to be aware of policies affecting its district’s financial well-being. The necessity to revisit this issue every two years will ensure that new board members have access to the information they need in their capacity as policymakers. We considered proposing this as an annual requirement but, in response to input from some interested parties, determined that a biennial schedule should be sufficient. The important thing is to enable each board to make an informed decision based on the amounts of money involved, the implications for the interest to be earned, and other relevant factors.

The statute requires our rules to be adopted “in consultation with the regional superintendents of schools and with the advice and approval of the Comptroller.” We have therefore provided an advance copy of the proposed amendments to the Comptroller’s staff for review and have sent it to all regional superintendents as well under cover of an invitation to comment. We anticipate working with these parties during the notice period so that any issues they address can be resolved.

**Analysis and Implications for Policy, Budget, Legislative Action, and Communications**

*Policy Implications:* Please see above.

*Budget Implications:* This rulemaking has no budgetary implications for the agency.

*Legislative Action:* None needed.

*Communications:* Please see “Next Steps” below.

**Superintendent’s Recommendation**

Direct the dissemination of the proposed amendments to Part 155 for public comment.

**Next Steps**

With the Board’s authorization, staff will submit the proposed amendments to the Administrative Code Division for publication in the *Illinois Register* to elicit public comment. Additional means such as the Superintendent’s Bulletin will also be used to inform school districts and other interested parties of the opportunity to comment on this rulemaking.