Section 155.10  Purpose

This Part sets forth the procedural requirements for receiving funds via electronic transfer from the State Board of Education through the office of the Comptroller pursuant to Sections 2-3.2a and 2-3.116 of the School Code [105 ILCS 5/2-3.2a and 2-3.116].

(SOURCE: Amended at 26 Ill. Reg. ____, effective __________.)

Section 155.20  Eligible Participants Participation

The payees listed below are eligible to receive funds via electronic transfer by following the procedures described in this Part, provided that they are expected to receive multiple
payments of funds from the State Board of Education during any single fiscal year.

a) School districts

b) Regional superintendents of schools

c) Other education agencies such as educational cooperatives and joint agreements

d) Other payees such as universities, hospitals, community-based organizations, and day care centers

e) Individuals

a) Beginning July 1, 2002, each payment made under a program administered by the State Board of Education shall be disbursed by the Comptroller through the electronic transfer of funds. Entities required to receive funds electronically shall include but not be limited to:

1) school districts;

2) regional superintendents of schools;

3) other public educational agencies such as cooperatives, joint agreements, and charter schools;

4) other payees such as nonpublic schools, universities, hospitals, township treasurers, community-based organizations, and day care centers; and

5) individuals.

b) Upon adoption of a resolution to this effect by the school board, a school district may request its regional superintendent of schools to receive all payments due to the district for the next two fiscal years. A school district shall make this request in writing no later than May 31 of the preceding fiscal
year and shall forward to the regional superintendent a copy of the resolution adopted by the local board.

1) If the regional superintendent wishes to accept receipt of one or more districts’ funds for the next two fiscal years, he or she shall do so no later than June 10 of the preceding fiscal year by submitting to the State Board of Education a copy of each school board’s resolution.

2) If the regional superintendent does not accept receipt of a district’s funds, he or she shall send written notification to this effect to the district superintendent no later than ten days after receiving the district’s request so that the district may comply with the requirements of Section 155.30 of this Part prior to the beginning of the new fiscal year.

c) The State Board of Education shall direct the Comptroller to transfer each payment to an account identified by a participant pursuant to Section 155.30 of this Part, unless:

1) an entity participates in the public funds investment account administered by the State Treasurer and an approved application has been provided to the State Board by the Treasurer;

2) a State agency, by completing a form supplied by the State Board, instructs the State Board to remit funds due to the agency via intergovernmental transfer;

3) the State Board is required to direct funds to a specified financial institution in conformance with an agreement executed under Section 7.59 of the Illinois Development Finance Authority Act [20 ILCS 3505/7.59], Section 13 of the Local Government Debt Reform Act [30 ILCS 350/13], or other applicable law; or

4) the expected duration of a financial relationship is so short or the expected number of payments is
so small as to make the establishment of an arrangement for the electronic transfer of funds undesirable in the judgement of the State Board.

(Source: Amended at 26 Ill. Reg. _____, effective ____________)

Section 155.30 Initiation of Electronic Fund Transfers

a) To initiate electronic transfer of payments, the eligible participant shall provide the following information to the State Board of Education on a form prescribed by the State Board, as and approved by the Comptroller. The form shall be signed and dated by an official authorized by the eligible participant.

1) The participant's nine-digit taxpayer identification number or Social Security number;

2) The participant's eleven-digit code assigned by the State Board to signify its region, county, district, and type;

3) The name in which payment is to be made of the participant;

4) The telephone number of the participant's main business office;

5) The street address, city, state, and zip code of the participant's main business office;

6) The name of the chief executive officer for the electronic payment of funds participant;

7) A dated statement of authorization, signed by the chief executive officer of the entity participant, for all payments from the State Board of Education to be directed to the participant's account and for necessary debit entries and adjustments for errors to be initiated;
8) The name of the financial organization to which funds are to be electronically transferred, which shall be a member of the Federal Access or the Automated Clearing House (the nationwide network that provides the electronic payment system);

9) The street address, city, state, and zip code of the financial organization designated;

10) The title, type (checking or savings), and number of the account into which electronic transfers are to be made;

11) The nine-digit routing number of the financial organization designated; and

12) The type of federal access agreement (governmental or commercial) held by the financial organization;

13) The expiration date of the organization's membership in the Automated Clearing House;

14) The branch designation of the financial organization, if applicable; and

15) The telephone number of the financial organization.

b) A copy of a deposit slip or a voided check for the account into which funds are to be electronically transferred must be attached to the application form required under subsection (a) of this Section. If no deposit slip or check is available, the participant shall submit a signed statement from the financial organization verifying that the account belongs to the participant and that the information supplied is correct.

c) Each participant shall designate only one financial organization and one account number and shall make all necessary arrangements with the designated financial organization for the receipt of electronic fund transfers, including at least:
1) obtaining the organization's signed, written agreement for electronic transfers, on a form supplied by the State Board of Education as approved by the Comptroller, which shall state that:

A) the financial organization agrees to receive and deposit sums for the participant payee,

B) the financial organization understands that its account number will be included as additional identification on individual payment credits to the participant payee's account and that the participant payee has the right to cancel the authorization with the financial organization,

C) the financial organization agrees to forward all communications from the State of Illinois to the participant payee promptly, including the information contained in the addendum,

D) the financial organization agrees to return all payments that are not due to the participant payee, and

E) the financial organization agrees to notify the State Board of Education promptly of any changes in its membership status as a Federal Access or Automated Clearing House (ACH) member institution, and

F) the financial organization may reserve the right to cancel the agreement by notice to the participant payee; and

2) establishing the frequency and detail of transaction communications to ensure the participant payee's receipt of the 40-character descriptive entry called for in Section 155.60(c) of this Part, so that the origins of payments origin and nature of each payment can be correctly identified.
d) Participants shall agree and accept that all payments of any kind from the State Board of Education shall be distributed only through electronic transfer. Unless otherwise provided in this subsection (d), each participant shall designate only one financial organization and one account number to which funds shall be electronically transferred.

1) A regional superintendent of schools may designate two accounts, provided that one is reserved for the operational funds of the regional office and the other is a distributive account into which funds received for school districts shall be deposited.

2) A fiscal or administrative agent for a cooperative, a joint agreement, or another similar public educational entity may designate multiple accounts if necessary to segregate the funds attributable to different members.

3) A university or college may designate one account for each of its administrative offices (e.g., the University of Illinois at Urbana/Champaign and at Chicago).

4) A nonpublic or not-for-profit entity such as a child care company may designate one account for each of its administrative offices.

5) A participant may receive approval from the State Board of Education to designate more than one account if it demonstrates that its structure, scope, or complexity compares to that of an entity discussed in any of subsections (d)(1) through (4) of this Section.

e) Within thirty days after receipt of a complete application from an eligible participant, the State Board of Education will confirm the establishment of the electronic transfer of funds for the participant by submission of a pre-note or zero fund transfer, i.e., a practice exercise in which no funds are transmitted.
f) After a successful pre-note transfer from the Comptroller occurs, all payments of any kind to the participant for programs administered by the State Board of Education will be made electronically.

(Source: Amended at 26 Ill. Reg. ____, effective __________)

Section 155.50 Terminating Electronic Fund Transfer Arrangements (Repealed)

a) A participant wishing to terminate the electronic transfer of funds shall submit a letter to the State Board of Education requesting such termination, signed by an official authorized to act on behalf of the participant and stating:

1) The participant's taxpayer identification number or Social Security number;

2) The code for the participant's region, county, district, and type;

3) The participant's name as submitted on the application for participation; and

4) The participant's address.

b) The State Board of Education shall cease electronic transfer of payments to a participant within thirty days after receipt of a letter requesting cancellation. Thereafter, all payments to the entity will be made by warrant. Warrants will be directed to the respective regional superintendents of schools or directly to payees as provided by law.

c) The State Board of Education and the Comptroller shall have the right to terminate an arrangement for the electronic transfer of funds for repeated problems or other interruptions in the processing of electronic fund transfers.
Section 155.60 Responsibilities of the State Board of Education

(a) The State Board of Education shall follow the instructions given by an eligible participant in an application submitted pursuant to Section 155.30 or Section 155.40 of this Part, or in a request for termination submitted in accordance with Section 155.50 of this Part.

(b) The State Board of Education shall transmit all information received from participants pursuant to this Part to the Comptroller, to ensure that participants receive transfers into the correct accounts.

(c) The State Board of Education shall transmit to the Comptroller a forty-character descriptive entry for each payment authorized which, when communicated to the participant (see Section 155.70 of this Part), will describe the origin and nature of the payment.

(d) The State Board of Education or the Comptroller may withhold payments to a participant as permitted or required by law. The State Board or the Comptroller, as applicable, shall provide written notice to the participant of its action.

(e) The State Board of Education may withhold payments to a participant for failure to meet the terms of a contract.

(f) The State Board of Education will handle all inquiries regarding electronic fund transfers made by the State Board, and only authorized personnel of the State Board shall forward unresolved inquiries to the office of the Comptroller.

(Source: Amended at 26 Ill. Reg. _____, effective ____________)