STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENTS

TITLE 23: EDUCATION AND CULTURAL RESOURCES
SUBTITLE A: EDUCATION
CHAPTER I: STATE BOARD OF EDUCATION
SUBCHAPTER o: MISCELLANEOUS

PART 575

SCHOOL TECHNOLOGY PROGRAM

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NOTE: Capitalization denotes statutory language.

SUBPART B: SCHOOL TECHNOLOGY REVOLVING LOAN PROGRAM

Section 575.200 Use of Funds
Funding is available under the School Technology Revolving Loan Fund for TECHNOLOGY HARDWARE INVESTMENTS FOR STUDENTS AND STAFF (Section 2-3.117a of the School Code). These items include, but are not limited to:

a) Expenditures for the establishment of local and wide area networks (e.g., cabling from network server to other areas, termination supplies, cable testers, patch panels) and for network hardware (e.g., switches, servers, hubs, modems, network adapter cards, transceivers, surge protection, uninterruptible power systems, network administration software);

b) Supplies and the cost of labor for electrical work directly related to technology (e.g., wiring, conduit, boxes, receptacles, switches, cover plates, distribution panels and breakers);

c) Hardware necessary for classroom instruction and staff development and for classroom instruction (e.g., computers, monitors, keyboards, mice, printers, network adapters, software and licenses for applications that are used in the classroom or for staff development purposes); and

d) Other technology hardware investments directly related to classroom instruction or staff development or to classroom instruction (e.g., scanners, projectors, LCD panels, digital cameras, camcorders).

(Source: Amended at 25 Ill. Reg. _____, effective _________)
Section 575.400 Application Procedures

a) The State Board of Education shall distribute application forms to all eligible school districts, as specified by Section 2-3.117a of the School Code, no later than June 1 for the following fiscal year. Applications will be due to the State Board of Education any time between July 1 and March 1 of the fiscal year in which loans will be made.

b) Each application for a loan shall include the following information:

1) A list of all applicable expenditure categories, as described in Section 575.200 of this Part, for which loan proceeds shall be used;

2) The amount of the loan requested, which shall not exceed the amount calculated pursuant to Section 575.300 of this Part;

3) A description of the proposed use(s) of the loan funds, as specified in the resolution adopted by the district’s board of education authorizing submission of the loan application; and

4) Such assurances and certifications as the State Board of Education may require, to include at least the following:

A) that the loan proceeds shall be used in the grade levels specified on the application; and

B) that the board of education approved a resolution authorizing submission of the loan application, specifying the date of that approval; and

C) that the district shall comply with Section
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2-3.117a of the School Code, this Subpart and the loan agreement (see Section 575.700 of this Part).

c) Each loan application shall bear an original signature signatures of the district superintendent and of the president of the board of education and shall be sent to the State Board of Education as specified on the application form. Applications must be postmarked not later than within 30 calendar days following the local board of education’s approval. Applications postmarked later than 30 days following local board of education approval shall be returned to the applicant as ineligible for consideration. An applicant whose request has been returned as ineligible may reapply during the funding cycle, provided it has met all of the requirements of Section 575.400 of this Part. Applications received by the division specified on the form after March 1 shall not be processed.

d) Applications received by the division specified on the form after March 1 shall not be processed.

e) School districts are limited to one approved loan per fiscal year.

(Source: Amended at 25 Ill. Reg. _____, effective ____________)

Section 575.500 Review of Application and Notification of Loan Award

a) Applications shall be reviewed for completeness. If an application is incomplete, then State Board of Education staff shall request the needed information from the applicant no later than 15 20 calendar days following receipt of the application. Applications will not be processed until all requested information is received.
b) All complete applications that demonstrate compliance with Section 2-3.117a of the School Code and this Subpart shall be approved for funding on a first come, first served basis according to the specifications set forth in subsections (b)(1) and (b)(2) of this Section, as long as funds appropriated for a given fiscal year remain available.

1) Loan award determinations shall be made on September 15, December 15 and March 15 of each fiscal year.

2) Should the total amount of pending loan requests exceed the amount available in the School Technology Revolving Loan Fund at any point during the fiscal year, then applications from school districts with the lowest equalized assessed valuation per pupil by type of district shall be funded first.

A) Pending loan applications shall be grouped by district type (i.e., elementary, high school, unit) and then ranked by equalized assessed valuation per pupil.

B) The loan funds remaining shall be apportioned among district types by calculating the ratio of the total amount of loan requests for each district type to the total amount of all pending loan requests.

C) Equalized assessed valuation per pupil by district type shall be the determining factor for only those applications pending but not yet approved for funding.

c) Notification of a loan award shall be made no later than 15 calendar days following the award determination dates established in subsection (b)(1)
of this Section. Applications not approved for funding on or before March 15 of the fiscal year in which the application was made shall expire.

d) Applications received after the March 1 deadline in a given fiscal year shall not be considered for funding in that fiscal year and shall be returned to the applicant.

e) Applicants otherwise eligible but not receiving loans due to insufficiency of the appropriation shall receive first consideration in the next fiscal year in which the grade levels specified on the application shall be eligible for funding.

(Source: Amended at 25 Ill. Reg. _____, effective __________)

Section 575.600 Repayment Procedures

Loans shall be repaid within three years (Section 2-3.117a of the School Code).

a) The rate of interest shall be stipulated on the loan application and SHALL NOT BE GREATER THAN 50% OF THE RATE FOR THE MOST RECENT DATE SHOWN IN THE 20 G.O. BONDS INDEX OF AVERAGE MUNICIPAL BOND YIELDS AS PUBLISHED IN THE MOST RECENT EDITION OF THE BOND BUYER, PUBLISHED IN NEW YORK, NEW YORK (Section 2-3.117a(a) of the School Code). Interest shall be computed quarterly.

b) Payments on the loan (principal and interest) shall be made by check on a quarterly basis in 12 equal installments.

1) Loan payments shall be due on the last day of each quarter (i.e., December 31, March 31, quarterly on December 30, March 30, June 30 and September 30†, with the first payment under each loan due on the second due date following receipt of the loan.
2) Checks shall be made payable to the "ISBE - School Technology Revolving Loan Fund" and mailed to the Fiscal Services Division, Illinois State Board of Education, 100 North First Street, C-300, Springfield, Illinois 62777-0001.

3) Payments not received within 15 calendar days after the due date shall be assessed a penalty of 5 percent of the payment due; however, the late payment penalty shall be waived when either:

A) the postmark date on the envelope used to submit the payment is dated five days or more before the end of the 15-day grace period; or

B) the payment is not received by the State Board of Education within 60 days following the due date, but the school district provides to the State Board of Education no later than 70 days beyond the due date the following:

i) a copy of the original check, dated at least five days before the end of the 15-day grace period;

ii) a copy of the stop payment order placed on the original check; and

iii) a new check issued in the amount due.

c) A school district may prepay the balance due on the loan in its entirety on any scheduled payment date, provided that the district first contacts the State Board of Education to obtain the total amount of the principal and interest due at that time.
Section 575.700 Terms and Conditions of Loan Agreement

a) Loan proceeds under this program shall be used exclusively for the purposes listed in Section 575.200 of this Part and shall be expended in accordance with the approved application and the applicant’s policies and procedures related to such expenditures. In the event that the loan proceeds are not expended in the manner approved, then the district, upon written notification from the State Board of Education, shall be required to submit by the next payment due date, payment of the outstanding principal of the loan and the amount of the interest accrued as of that payment due date. Loan proceeds shall be obligated no later than six months following receipt of the loan.

b) Loan proceeds shall be obligated no later than six months following receipt of the loan.

c) Use of loan proceeds shall be accounted for in accordance with the Program Accounting Manual (23 Ill. Adm. Code 110). For all loans approved in fiscal year 2002 and in succeeding years, loan recipients shall submit to the State Board of Education a report detailing how the loan proceeds were used. This expenditure report, to be submitted on a form supplied by the State Board of Education, shall be due not later than nine months following receipt of the loan.

d) Loan proceeds shall be included in the district’s budget prepared under Section 17-1 of the School Code [105 ILCS 5/17-1].

e) In the event of default that is not cured within 90 calendar days, the State Board of Education shall deduct the amount owed from the district’s next
payment of general state aid, and the district shall be ineligible for additional loans until good standing has been restored.

(Source: Amended at 25 Ill. Reg. _____, effective _________)