

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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AUTHORITY: Implementing and authorized by Section 2-3.117a of the School Code [105 ILCS 5/2-3.117a].

SOURCE: Adopted at 20 Ill. Reg. 3522, effective February 13, 1996; emergency amendment at 22 Ill. Reg. 9591, effective May 22, 1998, for a maximum of 150 days; amended at 22 Ill. Reg. 19770, effective November 2, 1998; amended at 23 Ill. Reg. 8370, effective July 12, 1999; amended at 25 Ill. Reg. 8167, effective June 21, 2001; amended at 26 Ill. Reg. 915, effective January 15, 2002; amended at 28 Ill. Reg. 13227, effective September 17, 2004; amended at 29 Ill. Reg. 18474, effective October 31, 2005; amended at 32 Ill. Reg. 8773, effective May 27, 2008; amended at 33 Ill. Reg. 11639, effective July 22, 2009; amended at 35 Ill. Reg. 3770, effective February 17, 2011.

## SUBPART A: SCHOOL TECHNOLOGY GRANTS

**Section 575.10 Purpose (Repealed)**

(Source: Repealed at 29 Ill. Reg. 18474, effective October 31, 2005)

**Section 575.20 Eligible Expenditures (Repealed)**

(Source: Repealed at 29 Ill. Reg. 18474, effective October 31, 2005)

**Section 575.30 Application Procedure and Content (Repealed)**

(Source: Repealed at 29 Ill. Reg. 18474, effective October 31, 2005)

**Section 575.40 Matching Requirements (Repealed)**

(Source: Repealed at 29 Ill. Reg. 18474, effective October 31, 2005)

**Section 575.50 Proposal Review and Approval (Repealed)**

(Source: Repealed at 29 Ill. Reg. 18474, effective October 31, 2005)

**Section 575.60 Terms of the Grant (Repealed)**

(Source: Repealed at 29 Ill. Reg. 18474, effective October 31, 2005)

## SUBPART B: SCHOOL TECHNOLOGY REVOLVING LOAN PROGRAM

**Section 575.100 Purpose**

- a) This Subpart establishes the procedures and criteria for applications submitted by eligible participants pursuant to the School Technology Revolving Loan Program established by Section 2-3.117a of the School Code [105 ILCS 5/2-3.117a].
  - 1) For the purpose of the School Technology Revolving Loan Program, “laboratory schools” eligible to apply for a loan are only those schools as defined in Section 18-8.05(K) of the School Code [105 ILCS 5/18-8.05(K)].
  - 2) A nonpublic school is eligible to apply for a loan if it is recognized pursuant to 23 Ill. Adm. Code 425 (Voluntary Registration and Recognition of Nonpublic Schools).
- b) *Priority shall be given to school districts, charter schools, area vocational centers, and laboratory schools that apply for a loan prior to October 1 of each year.* (Section 2-3.117a of the School Code)

(Source: Amended at 35 Ill. Reg. 3770, effective February 17, 2011)

**Section 575.200 Use of Funds**

- a) 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:
- 1) 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);
  - 2) 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);
  - 3) Hardware necessary for 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);
  - 4) Other technology hardware investments directly related to staff development or to classroom instruction (e.g., scanners, projectors, LCD panels, digital cameras, camcorders); and
  - 5) Staff development directly related to the integration of technology hardware into the learning environment.
- b) Up to 10 percent of the proceeds may be used to purchase computer furniture (see Section 2-3.117a of the School Code).

(Source: Amended at 28 Ill. Reg. 13227, effective September 17, 2004)

**Section 575.300 Maximum Amount of Loan**

The maximum loan amount shall be calculated on a per-pupil basis, based upon the total enrollment in the eligible grade levels. A participant may request a loan amount that does not exceed \$150 per pupil in the eligible grade levels plus a base amount of \$25,000; however, no single loan in a given fiscal year shall exceed \$6,000,000. The State Board of Education shall annually notify participants of the maximum loan amount to which they are entitled.

- a) For school districts, approved university laboratory schools, charter schools and recognized nonpublic schools, the maximum loan amount shall be calculated using the enrollment as reported as of the last school day in September of the immediately preceding school year.
- b) For area vocational centers, the maximum loan amount shall be calculated using the enrollment as reported to the State Board of Education in April of the immediately preceding school year.

(Source: Amended at 35 Ill. Reg. 3770, effective February 17, 2011)

**Section 575.400 Application Procedures**

- a) The State Board of Education shall distribute application forms to all eligible participants, 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 no later than December 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 participant's governing board authorizing submission of the loan application;
  - 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;
    - B) that the governing board approved a resolution authorizing submission of the loan application, specifying the date of that approval; and
    - C) that the participant shall comply with Section 2-3.117a of the School Code, this Subpart and the loan agreement (see Section 575.700 of this Part); and
  - 5) In order to comply with Section 575.700(e) of this Part, a participant that does not receive General State Aid directly from the State Board of Education shall submit a resolution adopted by the board of education of each school district from which the participant receives students signifying that the district's General State Aid payment will be withheld in accordance with subsection (b)(5)(A) or (b)(5)(B) of this Section, as applicable, in the case of the participant's default on the loan.

- A) For an area vocational center operated as a cooperative by two or more school districts, the amount withheld shall be proportionately deducted from the General State Aid of each district that is a party to the cooperative agreement establishing the area vocational center. A district's proportionate share shall be based upon the ratio of the number of students enrolled from that district to the total number of students that the center serves from all districts participating in the cooperative. The number of students used for this calculation shall be determined using the method identified in Section 575.300 of this Part.
- B) For a charter school receiving its charter from a school district, the amount withheld from the chartering district's General State Aid payment shall be deducted by the district from the next quarterly payment due to the charter school from the district.
- c) Each loan application shall bear original signatures of the chief administrative officer and of the president of the governing board and shall be sent to the State Board of Education as specified on the application form. Applications must be postmarked not later than 30 calendar days following the governing board's approval. Applications postmarked later than 30 days following governing board 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.
- d) Applications received by the division specified on the form after December 1 of the fiscal year in which a loan is requested shall not be processed.
- e) Participants are limited to one approved loan per fiscal year.

(Source: Amended at 28 Ill. Reg. 13227, effective September 17, 2004)

**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 20 calendar days after 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.
  - 1) Approved applications from school districts, charter schools, area vocational centers and laboratory schools received on or before September 30 of each fiscal year shall receive a loan on a first-come, first-served basis, as long as funds appropriated for a given fiscal year remain available. Applications from recognized nonpublic schools shall not be considered in this round regardless of date of receipt. Loan award determinations under this subsection (b)(1) shall be made no later than October 15 of each fiscal year.
  - 2) Approved applications from school districts, charter schools, area vocational centers and laboratory schools received on or after October 1 and applications from any recognized nonpublic school shall receive a loan on a first come, first served basis, as long as funds appropriated for a given fiscal year remain available after funding any loans awarded pursuant to subsection (b)(1) of this Section. Loan award determinations under this subsection (b)(2) shall be made no later than December 15 of each fiscal year.
- c) Notification of a loan award shall be made no later than 15 calendar days after the applicable award determination date established in subsection (b) of this Section. Applications not approved for funding on or before December 15 of the fiscal year in which the application was made shall expire.
- d) Applications received after the December 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) School districts, charter schools, area vocational centers and laboratory schools 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. Otherwise eligible but

not funded recognized nonpublic schools shall receive first consideration among all applications received on or after October 1 in that fiscal year.

(Source: Amended at 35 Ill. Reg. 3770, effective February 17, 2011)

**Section 575.600 Repayment Procedures**

Loans shall be repaid within three years (see 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 semi-annually.
- b) Payments on the loan (principal and interest) shall be made by check twice annually in six equal installments.
  - 1) Loan payments shall be due on December 1 and June 1, with the first payment under each loan due on June 1 of the fiscal year in which the loan is made.
  - 2) Checks shall be made payable to the "ISBE - School Technology Revolving Loan Fund" and mailed to the Fiscal and Procurement Division, Illinois State Board of Education, 100 North First Street, W-380, 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 at the State Board's office within 60 days after the due date, but the participant provides to the State Superintendent 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 participant may prepay the balance due on the loan in its entirety on any scheduled payment date or at the midpoint between any two scheduled payment dates, provided that the participant first contacts the State Superintendent's designee to obtain the total amount of the principal and interest due at that time.
- d) A participant may prepay a portion of the balance due on the loan on any scheduled payment date or at the midpoint between any two scheduled payment dates, provided that the participant first contacts the State Superintendent's designee for instructions. The remaining payments shall be recalculated to account for any early repayment, and the participant shall be notified accordingly.

(Source: Amended at 35 Ill. Reg. 3770, effective February 17, 2011)

**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 participant's policies and procedures related to such expenditures. In the event that the loan proceeds are not expended in the manner approved, then the participant, 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.
- 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 rules of the State Board of Education at 23 Ill. Adm. Code 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing) or, for participants not subject to those rules, in accordance with generally accepted standards of governmental accounting principles.
- d) 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 after receipt of the loan.
- e) Along with the report required under subsection (d) of this Section, each recognized nonpublic school shall submit an inventory listing the property identification number, serial number, description and location of each piece of equipment purchased with loan proceeds. The recognized nonpublic school shall identify (tag) each piece of equipment as "Purchased with proceeds from the State of Illinois' School Technology Revolving Loan Fund, School Year \_\_\_\_\_"; this designation may be removed once the outstanding principal of the loan and any amount of interest accrued has been paid in full. The recognized nonpublic school shall not transfer or assign any interest in the equipment during the pendency of the loan.
- f) In the event of default that is not cured within 90 calendar days, the State Superintendent of Education or designee shall take the action specified either in subsection (f)(1) or (f)(2) of this Section. The participant shall be ineligible for additional loans until good standing has been restored; however, the chartering school district of a charter school participant or the school districts participating in a vocational education cooperative shall be allowed to apply for loans on behalf of their respective school districts.

- 1) For school districts, charter schools, area vocational centers and laboratory schools, the State Superintendent or designee shall deduct the amount owed from the participant's next payment of General State Aid, subject to the provisions of Section 575.400(b)(5) of this Part.
  - 2) For recognized nonpublic schools, the State Superintendent or designee shall deduct the amount owed from the participant's next payment of school safety and educational improvement block grant funding. In any fiscal year in which the recognized nonpublic school does not receive a block grant, or when either the grant is not funded by the State or the grant payment is insufficient to cover the amount owed, then the school shall be subject to consequences for noncompliance as set forth in 23 Ill. Adm. Code 425.50 (Renewal of Recognition).
- g) A recognized nonpublic school that ceases operating before the outstanding principal of the loan and the amount of interest accrued is repaid shall notify the State Superintendent or designee in writing of that fact no later than 10 days after the closure. The notification of closure shall include the name, address and telephone number of the party responsible for the loan, as specified by his or her signature on the loan agreement, and the address of the location at which the equipment is being stored. The nonpublic school shall continue to repay the loan as set forth in Section 575.600 of this Part until the outstanding principal and the amount of the interest accrued is paid in full.
- 1) In the event of default that is not cured within 90 calendar days, the State Superintendent or designee shall notify the school in writing by certified mail, return receipt requested, that payment of the outstanding principal and amount of the interest accrued as of the date of the notification is due immediately. The school shall have 30 days from the date the notification is received to submit its payment.
  - 2) Failure to make the payment by the date set forth in subsection (g)(1) of this Section shall result in the repossession of any equipment purchased with the loan proceeds. Written notification of this fact shall be provided to the school, along with a copy of the equipment inventory required by subsection (e) of this Section. The notification shall include the time and date on which State Board of Education staff will pick up the equipment, as listed on the inventory.

- 3) A recognized nonpublic school that has closed and has paid in full the outstanding principal and the amount of the interest accrued is not subject to the requirements of this subsection (g).
  
- h) The contents of the approved application and terms and conditions of the loan shall be incorporated into a promissory note. Should the indebtedness represented by the promissory note or any part thereof be collected at law or in equity or in bankruptcy, receivership or other court proceedings or if the promissory note is placed in the hands of attorneys for collection after default, the participant agrees to pay, in addition to the principal and interest due, reasonable attorneys' fees and costs of collection.

(Source: Amended at 35 Ill. Reg. 3770, effective February 17, 2011)