

TITLE 23: EDUCATION AND CULTURAL RESOURCES
SUBTITLE A: EDUCATION
CHAPTER I: STATE BOARD OF EDUCATION
SUBCHAPTER c: FINANCE

PART 155
ELECTRONIC TRANSFER OF FUNDS

Section

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AUTHORITY: Implementing and authorized by Sections 2-3.2a and 2-3.116 of the School Code [105 ILCS 5/2-3.2a and 2-3.116].

SOURCE: Adopted at 19 Ill. Reg. 16538, effective December 5, 1995; amended at 26 Ill. Reg. 16193, effective October 21, 2002; amended at 29 Ill. Reg. 10131, effective June 30, 2005.

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. 16193, effective October 21, 2002)

Section 155.20 Participation

- 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) At the option of the local school board, a school district may request its regional superintendent of schools to receive all payments due to the district. Each school board that wishes payments to be directed to the regional office of education shall adopt a resolution to this effect. A school district shall make this request in writing no later than May 31 of the fiscal year preceding the fiscal year in which the arrangement is to begin 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, he or she shall do so no later than June 10 of the fiscal year preceding the fiscal year in which the arrangement is to begin by submitting to the State Superintendent 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 Superintendent 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:

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- 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 Superintendent by the Treasurer;
- 2) a State agency, by completing a form supplied by the State Superintendent, instructs the State Superintendent 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 820-50(b) of the Illinois Finance Authority Act [20 ILCS 3501/820-50(b)], 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 judgment of the State Superintendent.

(Source: Amended at 29 Ill. Reg. 10131, effective June 30, 2005)

Section 155.30 Initiation of Electronic Fund Transfers

- a) To initiate electronic transfer of payments, the participant shall provide the following information to the State Superintendent of Education on an authorization form prescribed by the State Superintendent and approved by the Comptroller.
- 1) The participant's nine-digit taxpayer identification number or Social Security number;
 - 2) The participant's eleven-digit code assigned by the State Superintendent;
 - 3) The name 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 participant;
 - 7) A dated statement of authorization, signed by the chief executive officer of the participant, for all payments 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 telephone number of the financial organization.

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- b) A copy of a deposit slip or voided check for the account into which funds are to be electronically transferred must be attached to the authorization form required under subsection (a) of this Section. If no deposit slip or voided 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 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 Superintendent 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 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 38-character descriptive entry called for in Section 155.60(c) of this Part, so that the origin and nature of each payment can be correctly identified.
- d) Each participant shall designate only one financial organization and one account number to which funds shall be electronically transferred.

- e) Within 30 days after receipt of a completed authorization form from a participant, the State Superintendent of Education will request the Comptroller to establish 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 pre-note transfer from the Comptroller is attempted and the time period allowed for completion of the pre-note transfer has expired, all payments to the participant for programs administered by the State Board of Education will be directed electronically unless the Comptroller receives notice from the financial institution that the pre-note transfer has failed or as may be otherwise required by law.
- g) Upon receipt of notice that a pre-note transfer has failed, the Comptroller shall notify the State Superintendent of Education. The State Superintendent shall take the actions necessary to identify the reason for the pre-note transfer's failure and to facilitate the electronic payment to the participant.

(Source: Amended at 29 Ill. Reg. 10131, effective June 30, 2005)

Section 155.40 Altering Electronic Fund Transfer Arrangements

- a) A participant wishing to designate a different account for the transfer of funds under this Part shall complete a new authorization form as called for in Section 155.30(a) of this Part and submit it to the State Superintendent of Education at least 30 days before activation of transfers to the new account is desired.
- b) Each change in an account will be confirmed via submission of a pre-note transfer as described in Section 155.30(e) of this Part.
- c) After the State Superintendent receives confirmation of an accurate pre-note fund transfer, all payments to the participant will be made to the newly designated account.

(Source: Amended at 29 Ill. Reg. 10131, effective June 30, 2005)

Section 155.50 Terminating Electronic Fund Transfer Arrangements

The State Superintendent 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, or as otherwise permitted or required by law.

(Source: Amended at 29 Ill. Reg. 10131, effective June 30, 2005)

Section 155.60 Responsibilities of the State Superintendent of Education

- a) The State Superintendent of Education shall follow the instructions given by a participant in an authorization form submitted pursuant to Section 155.30 or Section 155.40 of this Part.
- b) The State Superintendent of Education shall transmit information received from participants pursuant to this Part to the Comptroller, to ensure that participants receive transfers into the correct accounts.
- c) The State Superintendent of Education shall transmit to the Comptroller a 38-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 Superintendent of Education or the Comptroller may withhold payments to a participant as permitted or required by law. The State Superintendent or the Comptroller, as applicable, shall provide written notice to the participant of this action.
- e) The State Superintendent of Education may withhold payments to a participant for failure to meet the terms of a contract.
- f) The State Superintendent of Education will handle all inquiries regarding electronic fund transfers made by the State Superintendent, and only authorized personnel of the State Board shall forward unresolved inquiries to the Office of the Comptroller.

(Source: Amended at 29 Ill. Reg. 10131, effective June 30, 2005)

Section 155.70 Responsibilities of the Comptroller

- a) The Comptroller will receive transmissions of information and instructions from the State Superintendent of Education permitting the electronic transfer of funds.
- b) In response to instructions received from the State Superintendent, the Comptroller will transmit payments electronically to designated financial institutions. Each such transmission shall include the complete 38-character descriptive entry called for in Section 155.60(c) of this Part.
- c) The Comptroller will notify the State Superintendent of Education of all unsuccessful pre-note fund transfers.
- d) The Comptroller may issue a warrant instead of transferring funds electronically when:
 - 1) A designated financial institution rejects a transfer attempted pursuant to this Part;
 - 2) An amount is subject to garnishment, offset, reduction, involuntary withholding, or other proceeding as provided by law (any amount payable after such action may be issued as a warrant); or
 - 3) The transfer is rejected by the Comptroller's internal authorization system.

(Source: Amended at 29 Ill. Reg. 10131, effective June 30, 2005)