

TITLE 23: EDUCATION AND CULTURAL RESOURCES
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CHARTER SCHOOLS

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650.APPENDIX A Principles and Standards for Authorizing Charter Schools

AUTHORITY: Implementing and authorized by Article 27A of the School Code [105 ILCS 5/Art. 27A].

SOURCE: Emergency rules adopted at 20 Ill. Reg. 6329, effective April 23, 1996, for a maximum of 150 days; emergency expired; emergency amendment at 20 Ill. Reg. 8677, effective June 25, 1996, for a maximum of 150 days; new Part adopted at 20 Ill. Reg. 15284, effective November 15, 1996; emergency amendments at 22 Ill. Reg. 1479, effective January 1, 1998, for a maximum of 150 days; emergency expired; emergency amendment at 22 Ill. Reg. 5104, effective February 27, 1998, for a maximum of 150 days; emergency expired; amended at 22 Ill. Reg. 16455, effective September 3, 1998; amended at 36 Ill. Reg. 14801, effective September 20, 2012; amended at 38 Ill. Reg. 21916, effective November 3, 2014; amended at 39 Ill. Reg. 8298, effective May 26, 2015; amended at 41 Ill. Reg. 136, effective December 27, 2016; amended at 41 Ill. Reg. _____, effective _____.

SUBPART D: CHARTER SCHOOL REVOLVING LOAN PROGRAM

Section 650.200 Purpose

- a) This Subpart D establishes the procedures and criteria for applications submitted by eligible applicants pursuant to the Charter School Revolving Loan Program established by Section 27A-11.5(3) of the School Code [105 ILCS 5].
 - 1) For the purpose of the Charter School Revolving Loan Program, eligible applicants are only charter schools defined in Section 27A-11.5 of the School Code.
 - 2) A charter school is eligible to apply for a loan when it has been certified by the State Board of Education and at any time during its initial contract term.

(Source: Added at 41 Ill. Reg. _____, effective _____)

Section 650.210 Use of Funds

Funding is available under the Charter School Revolving Loan Fund for start-up costs to acquire educational materials and supplies. These items include, but are not limited to: textbooks, electronic textbooks and the technological equipment necessary to gain access to and use electronic textbooks; furniture, and other equipment or materials needed in the initial term of the charter school; and acquiring and remodeling a suitable physical plant. [105 ILCS 5/27A-11.5(3)]

(Source: Added at 41 Ill. Reg. _____, effective _____)

Section 650.220 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. An applicant may request a loan amount that does not exceed \$750 per pupil in the eligible grade levels. For approved charter schools already in their initial contract term, the maximum loan amount shall be calculated using the enrollment as reported to the State Board of Education as of March 1 of the current school year or projected enrollment for schools in their first year of operation.

(Source: Added at 41 Ill. Reg. _____, effective _____)

Section 650.230 Application Procedures

- a) The State Board of Education shall distribute application forms to all eligible applicants no later than January 1 for the following fiscal year. Applications will be due to the State Board no later than March 15 of the preceding 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 650.210(a), for which loan proceeds shall be used;
 - 2) The amount of the loan requested, which shall not exceed the amount calculated pursuant to Section 650.220;
 - 3) A description of the proposed uses of the loan funds, as specified in the resolution adopted by the applicant's governing board authorizing submission of the loan application;
 - 4) Assurances and certifications as the State Board may require, to include at least the following:
 - A) the loan proceeds shall be used in the grade levels specified on the application;
 - B) the governing board approved a resolution authorizing submission of the loan application, specifying the date of that approval; and
 - C) the participant shall comply with Section 27A-11.5(3) of the School Code, this Subpart and the loan agreement (see Section 650.260 of this Part).
- 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 as specified in the application. Applications must be postmarked no later than 30 calendar days after the governing board's approval. Applications postmarked later than 30 days after governing board's 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 subsection (b) in accordance with Section 650.240.

- d) Applications received after March 15 of the preceding fiscal year in which a loan is requested shall not be processed unless there are remaining funds. Any remaining funds will be distributed pursuant to Section 650.(b).
- e) Applicants are limited to one loan per charter school.

(Source: Added at 41 Ill. Reg. _____, effective _____)

Section 650.240 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 missing information from the applicant no later than 5 calendar days after receipt of the application. Applications will not be processed until all requested information is received. Applicants will have 5 calendar days to provide missing information to the State Board of Education staff.
- b) All complete applications that demonstrate compliance with Section 27A-11.5(3) of the School Code and this Subpart shall be approved for funding. Approved applications received on or before March 15 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.
- 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).
- d) Charter 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.

(Source: Added at 41 Ill. Reg. _____, effective _____)

Section 650.250 Repayment Procedures

Loans shall be repaid by the end of the initial term of the charter school. (See Section Sec. 27A-11.5 of the School Code.)

- a) There is no rate of interest. The State Board of Education may deduct amounts necessary to repay the loan from funds due to the charter school or may require that the local school board that authorized the charter school deduct those amounts from funds due to the charter school and remit these amounts to the State Board, provided that the local school board shall not be responsible for repayment of the loan.

b) Repayment

1) Payments on the loan must be made annually by December 15 and the loan must be paid in full by December 15 of the final term year.

2) Checks shall be made payable to the "ISBE – Charter School 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.

A) Prepayment

A recipient may prepay the balance due on the loan in its entirety on any scheduled payment date before December 15, provided that the recipient first contacts the State Superintendent's designee to obtain information on how to remit the payment and the total amount.

B) Remaining Payments

Any remaining amounts shall be recalculated to account for any early repayment, and the recipient shall be notified accordingly.

(Source: Added at 41 Ill. Reg. _____, effective _____)

Section 650.260 Terms and Conditions of Loan Agreement

a) Loan proceeds under this program shall be used exclusively for the purposes listed in Section 650.210(a) and shall be expended in accordance with the approved application and the recipient's policies and procedures related to such expenditures. In the event the loan proceeds are not expended in the manner approved, then the recipient, upon written notification from the State Board of Education, shall be required to submit, by the next payment due date, payment of the outstanding loan.

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

c) Use of the loan proceeds shall be accounted for in accordance with generally accepted standards of governmental accounting principles.

d) Recipients shall submit a report to the State Board of Education detailing how the loan proceeds were used no later than nine months after the receipt of the loan.

f) In the event of default that is not cured within 90 calendar days, the State Superintendent or his or her designee shall take the action specified either in subsection (f)(1) or (f)(2). The recipient shall be ineligible for additional loans until good standing has been restored.

- 1) In the event of default that is not cured within 90 calendar days, the State Superintendent or his or her designee shall notify the recipient in writing by certified mail, return receipt requested, that payment of the outstanding loans of the date of the notification is due immediately. The recipient shall have 30 days from the date the notification is received to submit its payment.
 - 2) The State Board may deduct amounts necessary to repay the loan from funds due to the recipient or may require that the local school board that authorized the charter school deduct those amounts from funds due to the recipient and remit these amounts to the State Board, provided that the local school board shall not be responsible for repayment of the loan.
- 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, reasonable attorneys' fees and costs of collection.

(Source: Added at 41 Ill. Reg. _____, effective _____)