

# 2008

# ILLINOIS

# REGISTER

RULES  
OF GOVERNMENTAL  
AGENCIES



Volume 32, Issue 40  
October 3, 2008  
Pages 16037-16290

Index Department  
Administrative Code Division  
111 East Monroe Street  
Springfield, IL 62756  
(217) 782-7017  
<http://www.cyberdriveillinois.com>

Printed on recycled paper

PUBLISHED BY JESSE WHITE • SECRETARY OF STATE

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## INTRODUCTION

The Illinois Register is the official state document for publishing public notice of rulemaking activity initiated by State governmental agencies. The table of contents is arranged categorically by rulemaking activity and alphabetically by agency within each category.

Rulemaking activity consists of proposed or adopted new rules; amendments to or repealers of existing rules; and rules promulgated by emergency or peremptory action. Executive Orders and Proclamations issued by the Governor; notices of public information required by State Statute; and activities (meeting agendas; Statements of Objection or Recommendation, etc.) of the Joint Committee on Administrative Rules (JCAR), a legislative oversight committee which monitors the rulemaking activities of State Agencies; is also published in the Register.

The Register is a weekly update of the Illinois Administrative Code (a compilation of the rules adopted by State agencies). The most recent edition of the Code, along with the Register, comprise the most current accounting of State agencies' rulemakings.

The Illinois Register is the property of the State of Illinois, granted by the authority of the Illinois Administrative Procedure Act [5 ILCS 100/1-1, et seq.].

### 2008 REGISTER SCHEDULE VOLUME #32

<u>Issue #</u>	<u>Rules Due Date</u>	<u>Date of Issue</u>
1	December 21, 2007*	January 4, 2008
2	December 31, 2007	January 11, 2008
3	January 7, 2008	January 18, 2008
4	January 14, 2008	January 25, 2008
5	January 22, 2008	February 1, 2008
6	January 28, 2008	February 8, 2008
7	February 4, 2008	February 15, 2008
8	February 11, 2008	February 22, 2008
9	February 19, 2008	February 29, 2008
10	February 25, 2008	March 7, 2008
11	March 3, 2008	March 14, 2008
12	March 10, 2008	March 21, 2008
13	March 17, 2008	March 28, 2008
14	March 24, 2008	April 4, 2008
15	March 31, 2008	April 11, 2008
16	April 7, 2008	April 18, 2008
17	April 14, 2008	April 25, 2008
18	April 21, 2008	May 2, 2008
19	April 28, 2008	May 9, 2008
20	May 5, 2008	May 16, 2008
21	May 12, 2008	May 23, 2008
22	May 19, 2008	May 30, 2008
23	May 27, 2008	June 6, 2008

24	June 2, 2008	June 13, 2008
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26	June 16, 2008	June 27, 2008
27	June 23, 2008	July 7, 2008
28	June 30, 2008	July 11, 2008
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30	July 14, 2008	July 25, 2008
31	July 21, 2008	August 1, 2008
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51	December 8, 2008	December 19, 2008
52	December 15, 2008	December 26, 2008
53	December 22, 2008	January 2, 2009

Editor's Note: The Regulatory Agenda submission period will end July.1, 2008. The Division is no longer accepting Regulatory Agendas. The second filing period for submitting will start October 14, 2008 with the last day to file on January 2, 2009.

## DEPARTMENT OF REVENUE

## NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Income Tax
- 2) Code Citation: 86 Ill. Adm. Code 100
- 3) Section Number: 100.3371                      Proposed Action: New Section
- 4) Statutory Authority: 35 ILCS 5/304(a)(3)(B-5) and 5/1501
- 5) A Complete Description of the Subjects and Issues Involved: This rulemaking provides guidance on the application of the sales factor sourcing rules enacted in Public Act 95-707 for apportioning business income from the provision of telecommunications services.
- 6) Published studies or reports and sources of underlying data used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? Yes

<u>Section Number:</u>	<u>Proposed Action:</u>	<u>Illinois Register Citation:</u>
100.2406	New Section	31 Ill. Reg. 15240; November 16, 2007
100.7040	Amendment	32 Ill. Reg. 12164; August 1, 2008
100.7300	Amendment	32 Ill. Reg. 12164; August 1, 2008
100.7310	Amendment	32 Ill. Reg. 12164; August 1, 2008
100.7320	Amendment	32 Ill. Reg. 12164; August 1, 2008
100.7325	New Section	32 Ill. Reg. 12164; August 1, 2008
100.7330	Amendment	32 Ill. Reg. 12164; August 1, 2008
100.7350	New Section	32 Ill. Reg. 12164; August 1, 2008
100.7360	New Section	32 Ill. Reg. 12164; August 1, 2008
100.7370	New Section	32 Ill. Reg. 12164; August 1, 2008
- 11) Statement of Statewide Policy Objective: This rulemaking does not create a State mandate, nor does it modify any existing State mandates.

## DEPARTMENT OF REVENUE

## NOTICE OF PROPOSED AMENDMENT

- 12) Time, Place and Manner in which interested persons may comment on this rulemaking:  
Persons who wish to submit comments on this rulemaking may submit them in writing by no later than 45 days after publication of this Notice to:

Paul Caselton  
Deputy General Counsel – Income Tax  
Illinois Department of Revenue  
Legal Services Office  
101 West Jefferson  
Springfield, Illinois 62794

217/524-3951

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: Small business engaged in providing multistate telecommunications services will receive guidance on computing their sales factors for income tax apportionment purposes.
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: July 2008

The full text of the Proposed Amendment begins on the next page:

## DEPARTMENT OF REVENUE

## NOTICE OF PROPOSED AMENDMENT

TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUEPART 100  
INCOME TAX

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100.2050 Net Income (IITA Section 202)

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100.2101 Replacement Tax Investment Credit (IITA 201(e))  
100.2110 Investment Credit; Enterprise Zone and River Edge Redevelopment Zone (IITA 201(f))  
100.2120 Jobs Tax Credit; Enterprise Zone and Foreign Trade Zone or Sub-Zone (IITA 201(g))  
100.2130 Investment Credit; High Impact Business (IITA 201(h))  
100.2140 Credit Against Income Tax for Replacement Tax (IITA 201(i))  
100.2150 Training Expense Credit (IITA 201(j))  
100.2160 Research and Development Credit (IITA 201(k))  
100.2163 Environmental Remediation Credit (IITA 201(l))  
100.2165 Education Expense Credit (IITA 201(m))  
100.2170 Tax Credits for Coal Research and Coal Utilization Equipment (IITA 206)  
100.2180 Credit for Residential Real Property Taxes (IITA 208)  
100.2185 Film Production Services Credit (IITA 213)  
100.2190 Tax Credit for Affordable Housing Donations (IITA Section 214)  
100.2195 Dependent Care Assistance Program Tax Credit (IITA 210)  
100.2196 Employee Child Care Assistance Program Tax Credit (IITA Section 210.5)  
100.2197 Foreign Tax Credit (IITA Section 601(b)(3))  
100.2198 Economic Development for a Growing Economy Credit (IITA 211)  
100.2199 Illinois Earned Income Tax Credit (IITA Section 212)

SUBPART C: NET OPERATING LOSSES OF UNITARY BUSINESS GROUPS  
OCCURRING PRIOR TO DECEMBER 31, 1986



## DEPARTMENT OF REVENUE

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- 100.2210 Net Operating Losses Occurring Prior to December 31, 1986, of Unitary Business Groups: Treatment by Members of the Unitary Business Group (IITA Section 202) – Definitions
- 100.2220 Net Operating Losses Occurring Prior to December 31, 1986, of Unitary Business Groups: Treatment by Members of the Unitary Business Group. (IITA Section 202) – Current Net Operating Losses: Offsets Between Members
- 100.2230 Net Operating Losses Occurring Prior to December 31, 1986, of Unitary Business Groups: Treatment by Members of the Unitary Business Group. (IITA Section 202) – Carrybacks and Carryforwards
- 100.2240 Net Operating Losses Occurring Prior to December 31, 1986, of Unitary Business Groups: Treatment by Members of the Unitary Business Group: (IITA Section 202) – Effect of Combined Net Operating Loss in Computing Illinois Base Income
- 100.2250 Net Operating Losses Occurring Prior to December 31, 1986, of Unitary Business Groups: Treatment by Members of the Unitary Business Group: (IITA Section 202) – Deadline for Filing Claims Based on Net Operating Losses Carried Back From a Combined Apportionment Year

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## DEPARTMENT OF REVENUE

## NOTICE OF PROPOSED AMENDMENT

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- 100.2480 Enterprise Zone Dividend Subtraction (IITA Sections 203(a)(2)(J), 203(b)(2)(K), 203(c)(2)(M) and 203(d)(2)(K))
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## DEPARTMENT OF REVENUE

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Include Members Using Three-Factor and Single-Factor Formulas

AUTHORITY: Implementing the Illinois Income Tax Act [35 ILCS 5] and authorized by Section 1401 of the Illinois Income Tax Act [35 ILCS 5/1401].

SOURCE: Filed July 14, 1971, effective July 24, 1971; amended at 2 Ill. Reg. 49, p. 84, effective November 29, 1978; amended at 5 Ill. Reg. 813, effective January 7, 1981; amended at 5 Ill. Reg. 4617, effective April 14, 1981; amended at 5 Ill. Reg. 4624, effective April 14, 1981; amended at 5 Ill. Reg. 5537, effective May 7, 1981; amended at 5 Ill. Reg. 5705, effective May 20, 1981; amended at 5 Ill. Reg. 5883, effective May 20, 1981; amended at 5 Ill. Reg. 6843, effective June 16, 1981; amended at 5 Ill. Reg. 13244, effective November 13, 1981; amended at 5 Ill. Reg. 13724, effective November 30, 1981; amended at 6 Ill. Reg. 579, effective December 29, 1981; amended at 6 Ill. Reg. 9701, effective July 26, 1982; amended at 7 Ill. Reg. 399, effective December 28, 1982; amended at 8 Ill. Reg. 6184, effective April 24, 1984; codified at 8 Ill. Reg. 19574; amended at 9 Ill. Reg. 16986, effective October 21, 1985; amended at 9 Ill. Reg. 685, effective December 31, 1985; amended at 10 Ill. Reg. 7913, effective April 28, 1986; amended at 10 Ill. Reg. 19512, effective November 3, 1986; amended at 10 Ill. Reg. 21941, effective December 15, 1986; amended at 11 Ill. Reg. 831, effective December 24, 1986; amended at 11 Ill. Reg. 2450, effective January 20, 1987; amended at 11 Ill. Reg. 12410, effective July 8, 1987; amended at 11 Ill. Reg. 17782, effective October 16, 1987; amended at 12 Ill. Reg. 4865, effective February 25, 1988; amended at 12 Ill. Reg. 6748, effective March 25, 1988; amended at 12 Ill. Reg. 11766, effective July 1, 1988; amended at 12 Ill. Reg. 14307, effective August 29, 1988; amended at 13 Ill. Reg. 8917, effective May 30, 1989; amended at 13 Ill. Reg. 10952, effective June 26, 1989; amended at 14 Ill. Reg. 4558, effective March 8, 1990; amended at 14 Ill. Reg. 6810, effective April 19, 1990; amended at 14 Ill. Reg. 10082, effective June 7, 1990; amended at 14 Ill. Reg. 16012, effective September 17, 1990; emergency amendment at 17 Ill. Reg. 473, effective December 22, 1992, for a maximum of 150 days; amended at 17 Ill. Reg. 8869, effective June 2, 1993; amended at 17 Ill. Reg. 13776, effective August 9, 1993; recodified at 17 Ill. Reg. 14189; amended at 17 Ill. Reg. 19632, effective November 1, 1993; amended at 17 Ill. Reg. 19966, effective November 9, 1993; amended at 18 Ill. Reg. 1510, effective January 13, 1994; amended at 18 Ill. Reg. 2494, effective January 28,



## DEPARTMENT OF REVENUE

## NOTICE OF PROPOSED AMENDMENT

1994; amended at 18 Ill. Reg. 7768, effective May 4, 1994; amended at 19 Ill. Reg. 1839, effective February 6, 1995; amended at 19 Ill. Reg. 5824, effective March 31, 1995; emergency amendment at 20 Ill. Reg. 1616, effective January 9, 1996, for a maximum of 150 days; amended at 20 Ill. Reg. 6981, effective May 7, 1996; amended at 20 Ill. Reg. 10706, effective July 29, 1996; amended at 20 Ill. Reg. 13365, effective September 27, 1996; amended at 20 Ill. Reg. 14617, effective October 29, 1996; amended at 21 Ill. Reg. 958, effective January 6, 1997; emergency amendment at 21 Ill. Reg. 2969, effective February 24, 1997, for a maximum of 150 days; emergency expired July 24, 1997; amended at 22 Ill. Reg. 2234, effective January 9, 1998; amended at 22 Ill. Reg. 19033, effective October 1, 1998; amended at 22 Ill. Reg. 21623, effective December 15, 1998; amended at 23 Ill. Reg. 3808, effective March 11, 1999; amended at 24 Ill. Reg. 10593, effective July 7, 2000; amended at 24 Ill. Reg. 12068, effective July 26, 2000; emergency amendment at 24 Ill. Reg. 17585, effective November 17, 2000, for a maximum of 150 days; amended at 24 Ill. Reg. 18731, effective December 11, 2000; amended at 25 Ill. Reg. 4640, effective March 15, 2001; amended at 25 Ill. Reg. 4929, effective March 23, 2001; amended at 25 Ill. Reg. 5374, effective April 2, 2001; amended at 25 Ill. Reg. 6687, effective May 9, 2001; amended at 25 Ill. Reg. 7250, effective May 25, 2001; amended at 25 Ill. Reg. 8333, effective June 22, 2001; amended at 26 Ill. Reg. 192, effective December 20, 2001; amended at 26 Ill. Reg. 1274, effective January 15, 2002; amended at 26 Ill. Reg. 9854, effective June 20, 2002; amended at 26 Ill. Reg. 13237, effective August 23, 2002; amended at 26 Ill. Reg. 15304, effective October 9, 2002; amended at 26 Ill. Reg. 17250, effective November 18, 2002; amended at 27 Ill. Reg. 13536, effective July 28, 2003; amended at 27 Ill. Reg. 18225, effective November 17, 2003; emergency amendment at 27 Ill. Reg. 18464, effective November 20, 2003, for a maximum of 150 days; emergency expired April 17, 2004; amended at 28 Ill. Reg. 1378, effective January 12, 2004; amended at 28 Ill. Reg. 5694, effective March 17, 2004; amended at 28 Ill. Reg. 7125, effective April 29, 2004; amended at 28 Ill. Reg. 8881, effective June 11, 2004; emergency amendment at 28 Ill. Reg. 14271, effective October 18, 2004, for a maximum of 150 days; amended at 28 Ill. Reg. 14868, effective October 26, 2004; emergency amendment at 28 Ill. Reg. 15858, effective November 29, 2004, for a maximum of 150 days; amended at 29 Ill. Reg. 2420, effective January 28, 2005; amended at 29 Ill. Reg. 6986, effective April 26, 2005; amended at 29 Ill. Reg. 13211, effective August 15, 2005; amended at 29 Ill. Reg. 20516, effective December 2, 2005; amended at 30 Ill. Reg. 6389, effective March 30, 2006; amended at 30 Ill. Reg. 10473, effective May 23, 2006; amended by 30 Ill. Reg. 13890, effective August 1, 2006; amended at 30 Ill. Reg. 18739, effective November 20, 2006; amended at 31 Ill. Reg. 16240, effective November 26, 2007; amended at 32 Ill. Reg. 872, effective January 7, 2008; amended at 32 Ill. Reg. 1407, effective January 17, 2008; amended at 32 Ill. Reg. 3400, effective February 25, 2008; amended at 32 Ill. Reg. 6055, effective March 25, 2008; amended at 32 Ill. Reg. 10170, effective June 30, 2008; amended at 32 Ill. Reg. 13223, effective July 24, 2008; amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

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## SUBPART L: BUSINESS INCOME OF PERSONS OTHER THAN RESIDENTS

**Section 100.3371 Sales Factor for Telecommunications Services**

- a) For taxable years ending on or after December 31, 2008, IITA Section 304(a)(3)(B-5) provides express guidance for determining when gross receipts from the sale of telecommunications service or mobile telecommunications service are in this State for purposes of computing the sales factor in IITA Section 304(a)(3).
- b) Definitions. For purposes of this Section, the follow terms have the following meanings:
- 1) *"Ancillary services" means services that are associated with or incidental to the provision of "telecommunications services", including but not limited to "detailed telecommunications billing", "directory assistance", "vertical service", and "voice mail services". (IITA Section 304(a)(3)(B-5)(i))*
  - 2) *"Air-to-ground radiotelephone service" means a radio service, as that term is defined in 47 CFR 22.99 (2007), in which common carriers are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft. (IITA Section 304(a)(3)(B-5)(i)) 47 CFR 22.99 defines "air-to-ground radiotelephone service" to mean a "radio service in which licensees are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft".*
  - 3) *"Call-by-call basis" means any method of charging for telecommunications services where the price is measured by individual calls. (IITA Section 304(a)(3)(B-5)(i))*
  - 4) *"Communications channel" means a physical or virtual path of communications over which signals are transmitted between or among customer channel termination points. (IITA Section 304(a)(3)(B-5)(i))*
  - 5) *"Conference bridging service" means an ancillary service that links two or more participants of an audio or video conference call and may include the provision of a telephone number. "Conference bridging service" does*

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not include the telecommunications services used to reach the conference bridge. (IITA Section 304(a)(3)(B-5)(i))

- 6) "Customer channel termination point" means the location where the customer either inputs or receives the communications. (IITA Section 304(a)(3)(B-5)(i))
- 7) "Detailed telecommunications billing service" means an ancillary service of separately stating information pertaining to individual calls on a customer's billing statement. (IITA Section 304(a)(3)(B-5)(i))
- 8) "Directory assistance" means an ancillary service of providing telephone number information, and/or address information. (IITA Section 304(a)(3)(B-5)(i))
- 9) "Home service provider" means the facilities-based carrier or reseller with which the customer contracts for the provision of "mobile telecommunications services". (IITA Section 304(a)(3)(B-5)(i))
- 10) "Mobile telecommunications service" means commercial mobile radio service, as defined in 47 CFR 20.3 (June 1, 1999). (IITA Section 304(a)(3)(B-5)(i))
  - A) "Commercial mobile radio service" is defined in 47 CFR 20.3 (June 1, 1999) as "mobile service that is provided for profit, i.e., with the intent of receiving compensation or monetary gain; an interconnected service; and available to the public, or to such classes of eligible users as to be effectively available to a substantial portion of the public; or that is the functional equivalent of such a mobile service."
  - B) "Interconnected service" is defined in 47 CFR 20.3 (June 1, 1999) as a "service that is interconnected with the public switched network, or interconnected with the public switched network through an interconnected service provider, that gives subscribers the capability to communicate to or receive communication from all other users on the public switched network; or for which a request for such interconnection is pending pursuant to 47 USC 332(c)(1)(B). A mobile service offers interconnected service even

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if the service allows subscribers to access the public switched network only during specified hours of the day, or if the service provides general access to points on the public switched network but also restricts access in certain limited ways. Interconnected service does not include any interface between a licensee's facilities and the public switched network exclusively for a licensee's internal control purposes."

- 11) "Place of primary use" means the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, "place of primary use" must be within the licensed service area of the home service provider. (IITA Section 304(a)(3)(B-5)(i))
- 12) "Post-paid telecommunication service" means the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone number which is not associated with the origination or termination of the telecommunications service. A post-paid calling service includes telecommunications service, except a prepaid wireless calling service, that would be a prepaid calling service except it is not exclusively a telecommunication service. (IITA Section 304(a)(3)(B-5)(i))
- 13) "Prepaid telecommunication service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount. (IITA Section 304(a)(3)(B-5)(i))
- 14) "Prepaid mobile telecommunication service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunication services, including but not limited to ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount. (IITA Section 304(a)(3)(B-5)(i))

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- 15) *"Private communication service" means a telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels. (IITA Section 304(a)(3)(B-5)(i))*
- 16) *"Service address" means:*
- A) *The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid. (IITA Section 304(a)(3)(B-5)(i))*
- B) *If the location in subsection (b)(16)(A) is not known, service address means the origination point of the signal of the telecommunications services first identified by either the seller's telecommunications system or in information received by the seller from its service provider where the system used to transport such signals is not that of the seller. (IITA Section 304(a)(3)(B-5)(i))*
- C) *If the locations in subsections (b)(16)(A) and (B) are not known, the service address means the location of the customer's place of primary use. (IITA Section 304(a)(3)(B-5)(i))*
- 17) *"Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications service" does not include:*
- A) *Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered*

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by an electronic transmission to a purchaser when such purchaser's primary purpose for the underlying transaction is the processed data or information;

- B) Installation or maintenance of wiring or equipment on a customer's premises;
- C) Tangible personal property;
- D) Advertising, including but not limited to directory advertising;
- E) Billing and collection services provided to third parties;
- F) Internet access service;
- G) Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include but not be limited to cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 CFR 20.3.
  - i) Under 47 USC 522(6), "cable service" is defined to mean "the one-way transmission to subscribers of video programming or other programming service, and subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service".
  - ii) For the provisions of 47 CFR 20.3, see subsection (b)(1).
- H) "Ancillary services"; or
- I) Digital products "delivered electronically", including but not limited to software, music, video, reading materials or ring tones. (IITA Section 304(a)(3)(B-5)(i))

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- 18) *"Vertical service" means an "ancillary service" that is offered in connection with one or more "telecommunications services", which offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including "conference bridging services". (IITA Section 304(a)(3)(B-5)(i))*
- 19) *"Voice mail service" means an "ancillary service" that enables the customer to store, send or receive recorded messages. "Voice mail service" does not include any "vertical services" that the customer may be required to have in order to utilize the "voice mail service". (IITA Section 304(a)(3)(B-5)(i))*
- c) *Receipts from the sale of telecommunications service sold on an individual call-by-call basis are in this State if either of the following applies:*
- 1) *The call both originates and terminates in this State. (IITA Section 304(a)(3)(B-5)(ii)(a))*
- 2) *The call either originates or terminates in this State and the service address is located in this State. (IITA Section 304(a)(3)(B-5)(ii)(b))*
- d) *Receipts from the sale of postpaid telecommunications service at retail are in this State if the origination point of the telecommunication signal, as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if the system used to transport telecommunication signals is not the seller's, is located in this State. (IITA Section 304(a)(3)(B-5)(iii))*
- e) *Receipts from the sale of prepaid telecommunications service or prepaid mobile telecommunications service at retail are in this State if the purchaser obtains the prepaid card or similar means of conveyance at a location in this State. Receipts from recharging a prepaid telecommunications service or mobile telecommunications service is in this State if the purchaser's billing information indicates a location in this State. (IITA Section 304(a)(3)(B-5)(iv))*
- f) *Receipts from the sale of private communication services are in this State as follows:*

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- 1) One hundred percent of receipts from charges imposed at each channel termination point in this State. (IITA Section 304(a)(3)(B-5)(v)(a))
- 2) One hundred percent of receipts from charges for the total channel mileage between each channel termination point in this State. (IITA Section 304(a)(3)(B-5)(v)(b))
- 3) Fifty percent of the total receipts from charges for service segments when those segments are between two customer channel termination points, one of which is located in this State and the other is located outside of this State, which segments are separately charged. (IITA Section 304(a)(3)(B-5)(v)(c))
- 4) The receipts from charges for service segments with a channel termination point located in this State and in two or more other states, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points. (IITA Section 304(a)(3)(B-5)(v)(d))
- g) Receipts from charges for ancillary services for telecommunications service sold to customers at retail are in this State if the customer's primary place of use of telecommunications services associated with those ancillary services is in this State. If the seller of those ancillary services cannot determine where the associated telecommunications are located, then the ancillary services shall be based on the location of the purchaser. (IITA Section 304(a)(3)(B-5)(vi))
- h) Receipts to access a carrier's network or from the sale of telecommunication services or ancillary services for resale are in this State as follows:
  - 1) one hundred percent of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State. (IITA Section 304(a)(3)(B-5)(vii)(a))
  - 2) fifty percent of the receipts from access fees attributable to interstate telecommunications service if the interstate call either originates or terminates in this State. (IITA Section 304(a)(3)(B-5)(vii)(b))



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- 3) one hundred percent of the receipts from interstate end user access line charges, if the customer's service address is in this State. As used in this subsection (h)(3), "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the Federal Communications Commission and levied pursuant to 47 CFR 69. (IITA Section 304(a)(3)(B-5)(vii)(c))
  
- 4) Gross receipts from sales of telecommunication services or from ancillary services for telecommunications services sold to other telecommunication service providers for resale shall be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method. (IITA Section 304(a)(3)(B-5)(vii)(d))

(Source: Added at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

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- 1) Heading of the Part: Retailers' Occupation Tax
- 2) Code Citation: 86 Ill. Adm. Code 130
- 3) Section Numbers:                      Proposed Action:  
130.325    Amendment  
130.331    Amendment
- 4) Statutory Authority: 20 ILCS 2505/2505-90
- 5) A Complete Description of the Subjects and Issues Involved: Section 130.325 is being amended to add the sunset date to the Graphic Arts Machinery and Equipment Exemption, which was created by Public Act 93-0840, effective July 30, 2004.

Section 130.331 is being amended to add the sunset date for the Manufacturer's Purchase Credit, and to add text regarding when credits earned have to be used and when credits earned have to be claimed, which was created by Public Act 93-0840, effective July 30, 2004.

- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect: No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? Yes

<u>Section Numbers:</u>	<u>Proposed Action:</u>	<u>Illinois Register Citation:</u>
130.120	Amendment	32 Ill. Reg. 4155; March 21, 2008
130.330	Amendment	32 Ill. Reg. 8561; June 13, 2008
130.605	Amendment	32 Ill. Reg. 8850; June 20, 2008
130.2125	Amendment	32 Ill. Reg. 9801; July 11, 2008
130.340	Amendment	32 Ill. Reg. 10806; July 18, 2008
130.2115	Amendment	32 Ill. Reg. 10806; July 18, 2008
130.2145	Amendment	32 Ill. Reg. 15763; September 26, 2008

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- 11) Statement of Statewide Policy Objective: This rulemaking does not create a State mandate, nor does it modify any existing State mandates.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to submit comments on this proposed rulemaking may submit them in writing by no later than 45 days after publication of this Notice to:  
  
Debra M. Boggess  
Associate Counsel  
Illinois Department of Revenue  
Legal Services Office  
101 West Jefferson  
Springfield, Illinois 62794  
  
217/782-2844
- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not for profit corporations affected: Sellers of manufacturing and graphic arts machinery and equipment, as well as manufacturers and graphic arts producers.
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: July 2008

The full text of the Proposed Amendments begins on the next page:

## DEPARTMENT OF REVENUE

## NOTICE OF PROPOSED AMENDMENTS

TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUEPART 130  
RETAILERS' OCCUPATION TAX

## SUBPART A: NATURE OF TAX

Section	
130.101	Character and Rate of Tax
130.105	Responsibility of Trustees, Receivers, Executors or Administrators
130.110	Occasional Sales
130.111	Sale of Used Motor Vehicles, Aircraft, or Watercraft by Leasing or Rental Business
130.115	Habitual Sales
130.120	Nontaxable Transactions

## SUBPART B: SALE AT RETAIL

Section	
130.201	The Test of a Sale at Retail
130.205	Sales for Transfer Incident to Service
130.210	Sales of Tangible Personal Property to Purchasers for Resale
130.215	Further Illustrations of Sales for Use or Consumption Versus Sales for Resale
130.220	Sales to Lessors of Tangible Personal Property
130.225	Drop Shipments

## SUBPART C: CERTAIN STATUTORY EXEMPTIONS

Section	
130.305	Farm Machinery and Equipment
130.310	Food, Drugs, Medicines and Medical Appliances
130.315	Fuel Sold for Use in Vessels on Rivers Bordering Illinois
130.320	Gasohol, Majority Blended Ethanol, Biodiesel Blends, and 100% Biodiesel
130.321	Fuel Used by Air Common Carriers in International Flights
130.325	Graphic Arts Machinery and Equipment Exemption
130.330	Manufacturing Machinery and Equipment
130.331	Manufacturer's Purchase Credit
130.332	Automatic Vending Machines
130.335	Pollution Control Facilities and Low Sulfur Dioxide Emission Coal-Fueled

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	Devices
130.340	Rolling Stock
130.341	Commercial Distribution Fee Sales Tax Exemption
130.345	Oil Field Exploration, Drilling and Production Equipment
130.350	Coal Exploration, Mining, Off Highway Hauling, Processing, Maintenance and Reclamation Equipment
130.351	Aggregate Manufacturing

## SUBPART D: GROSS RECEIPTS

Section	
130.401	Meaning of Gross Receipts
130.405	How to Avoid Paying Tax on State or Local Tax Passed on to the Purchaser
130.410	Cost of Doing Business Not Deductible
130.415	Transportation and Delivery Charges
130.420	Finance or Interest Charges – Penalties – Discounts
130.425	Traded-In Property
130.430	Deposit or Prepayment on Purchase Price
130.435	State and Local Taxes Other Than Retailers' Occupation Tax
130.440	Penalties
130.445	Federal Taxes
130.450	Installation, Alteration and Special Service Charges
130.455	Motor Vehicle Leasing and Trade-In Allowances

## SUBPART E: RETURNS

Section	
130.501	Monthly Tax Returns – When Due – Contents
130.502	Quarterly Tax Returns
130.505	Returns and How to Prepare
130.510	Annual Tax Returns
130.515	First Return
130.520	Final Returns When Business is Discontinued
130.525	Who May Sign Returns
130.530	Returns Covering More Than One Location Under Same Registration – Separate Returns for Separately Registered Locations
130.535	Payment of the Tax, Including Quarter Monthly Payments in Certain Instances
130.540	Returns on a Transaction by Transaction Basis
130.545	Registrants Must File a Return for Every Return Period

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130.550	Filing of Returns for Retailers by Suppliers Under Certain Circumstances
130.551	Prepayment of Retailers' Occupation Tax on Motor Fuel
130.552	Alcoholic Liquor Reporting
130.555	Vending Machine Information Returns
130.560	Verification of Returns

## SUBPART F: INTERSTATE COMMERCE

Section	
130.601	Preliminary Comments
130.605	Sales of Property Originating in Illinois
130.610	Sales of Property Originating in Other States

## SUBPART G: CERTIFICATE OF REGISTRATION

Section	
130.701	General Information on Obtaining a Certificate of Registration
130.705	Procedure in Disputed Cases Involving Financial Responsibility Requirements
130.710	Procedure When Security Must be Forfeited
130.715	Sub-Certificates of Registration
130.720	Separate Registrations for Different Places of Business of Same Taxpayer Under Some Circumstances
130.725	Display
130.730	Replacement of Certificate
130.735	Certificate Not Transferable
130.740	Certificate Required For Mobile Vending Units
130.745	Revocation of Certificate

## SUBPART H: BOOKS AND RECORDS

Section	
130.801	General Requirements
130.805	What Records Constitute Minimum Requirement
130.810	Records Required to Support Deductions
130.815	Preservation and Retention of Records
130.820	Preservation of Books During Pendency of Assessment Proceedings
130.825	Department Authorization to Destroy Records Sooner Than Would Otherwise be Permissible

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## SUBPART I: PENALTIES AND INTEREST

## Section

- 130.901 Civil Penalties
- 130.905 Interest
- 130.910 Criminal Penalties

## SUBPART J: BINDING OPINIONS

## Section

- 130.1001 When Opinions from the Department are Binding

## SUBPART K: SELLERS LOCATED ON, OR SHIPPING TO, FEDERAL AREAS

## Section

- 130.1101 Definition of Federal Area
- 130.1105 When Deliveries on Federal Areas Are Taxable
- 130.1110 No Distinction Between Deliveries on Federal Areas and Illinois Deliveries Outside Federal Areas

## SUBPART L: TIMELY MAILING TREATED AS TIMELY FILING AND PAYING

## Section

- 130.1201 General Information
- 130.1205 Due Date that Falls on Saturday, Sunday or a Holiday

## SUBPART M: LEASED PORTIONS OF LESSOR'S BUSINESS SPACE

## Section

- 130.1301 When Lessee of Premises Must File Return for Leased Department
- 130.1305 When Lessor of Premises Should File Return for Business Operated on Leased Premises
- 130.1310 Meaning of "Lessor" and "Lessee" in this Regulation

## SUBPART N: SALES FOR RESALE

## Section

- 130.1401 Seller's Responsibility to Determine the Character of the Sale at the Time of the Sale

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- 130.1405 Seller's Responsibility to Obtain Certificates of Resale and Requirements for Certificates of Resale
- 130.1410 Requirements for Certificates of Resale (Repealed)
- 130.1415 Resale Number – When Required and How Obtained
- 130.1420 Blanket Certificate of Resale (Repealed)

SUBPART O: CLAIMS TO RECOVER ERRONEOUSLY PAID TAX

Section

- 130.1501 Claims for Credit – Limitations – Procedure
- 130.1505 Disposition of Credit Memoranda by Holders Thereof
- 130.1510 Refunds
- 130.1515 Interest

SUBPART P: PROCEDURE TO BE FOLLOWED UPON  
SELLING OUT OR DISCONTINUING BUSINESS

Section

- 130.1601 When Returns are Required After a Business is Discontinued
- 130.1605 When Returns Are Not Required After Discontinuation of a Business
- 130.1610 Cross Reference to Bulk Sales Regulation

SUBPART Q: NOTICE OF SALES OF GOODS IN BULK

Section

- 130.1701 Bulk Sales: Notices of Sales of Business Assets

SUBPART R: POWER OF ATTORNEY

Section

- 130.1801 When Powers of Attorney May be Given
- 130.1805 Filing of Power of Attorney With Department
- 130.1810 Filing of Papers by Agent Under Power of Attorney

SUBPART S: SPECIFIC APPLICATIONS

Section

- 130.1901 Addition Agents to Plating Baths
- 130.1905 Agricultural Producers



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- 130.1910 Antiques, Curios, Art Work, Collectors' Coins, Collectors' Postage Stamps and Like Articles
- 130.1915 Auctioneers and Agents
- 130.1920 Barbers and Beauty Shop Operators
- 130.1925 Blacksmiths
- 130.1930 Chiropodists, Osteopaths and Chiropractors
- 130.1935 Computer Software
- 130.1940 Construction Contractors and Real Estate Developers
- 130.1945 Co-operative Associations
- 130.1950 Dentists
- 130.1951 Enterprise Zones
- 130.1952 Sales of Building Materials to a High Impact Business
- 130.1953 Sales of Building Materials to be Incorporated into a Redevelopment Project Area within an Intermodal Terminal Facility Area
- 130.1955 Farm Chemicals
- 130.1960 Finance Companies and Other Lending Agencies – Installment Contracts – Bad Debts
- 130.1965 Florists and Nurserymen
- 130.1970 Hatcheries
- 130.1971 Sellers of Pets and the Like
- 130.1975 Operators of Games of Chance and Their Suppliers
- 130.1980 Optometrists and Opticians
- 130.1985 Pawnbrokers
- 130.1990 Peddlers, Hawkers and Itinerant Vendors
- 130.1995 Personalizing Tangible Personal Property
- 130.2000 Persons Engaged in the Printing, Graphic Arts or Related Occupations, and Their Suppliers
- 130.2004 Sales to Nonprofit Arts or Cultural Organizations
- 130.2005 Persons Engaged in Nonprofit Service Enterprises and in Similar Enterprises Operated As Businesses, and Suppliers of Such Persons
- 130.2006 Sales by Teacher-Sponsored Student Organizations
- 130.2007 Exemption Identification Numbers
- 130.2008 Sales by Nonprofit Service Enterprises
- 130.2009 Personal Property Purchased Through Certain Fundraising Events for the Benefit of Certain Schools
- 130.2010 Persons Who Rent or Lease the Use of Tangible Personal Property to Others
- 130.2011 Sales to Persons Who Lease Tangible Personal Property to Exempt Hospitals
- 130.2012 Sales to Persons Who Lease Tangible Personal Property to Governmental Bodies
- 130.2013 Persons in the Business of Both Renting and Selling Tangible Personal Property –

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	Tax Liabilities, Credit
130.2015	Persons Who Repair or Otherwise Service Tangible Personal Property
130.2020	Physicians and Surgeons
130.2025	Picture-Framers
130.2030	Public Amusement Places
130.2035	Registered Pharmacists and Druggists
130.2040	Retailers of Clothing
130.2045	Retailers on Premises of the Illinois State Fair, County Fairs, Art Shows, Flea Markets and the Like
130.2050	Sales and Gifts By Employers to Employees
130.2055	Sales by Governmental Bodies
130.2060	Sales of Alcoholic Beverages, Motor Fuel and Tobacco Products
130.2065	Sales of Automobiles for Use In Demonstration (Repealed)
130.2070	Sales of Containers, Wrapping and Packing Materials and Related Products
130.2075	Sales To Construction Contractors, Real Estate Developers and Speculative Builders
130.2076	Sales to Purchasers Performing Contracts with Governmental Bodies
130.2080	Sales to Governmental Bodies, Foreign Diplomats and Consular Personnel
130.2085	Sales to or by Banks, Savings and Loan Associations and Credit Unions
130.2090	Sales to Railroad Companies
130.2095	Sellers of Gasohol, Coal, Coke, Fuel Oil and Other Combustibles
130.2100	Sellers of Feeds and Breeding Livestock
130.2101	Sellers of Floor Coverings
130.2105	Sellers of Newspapers, Magazines, Books, Sheet Music and Musical Recordings, and Their Suppliers; Transfer of Data Downloaded Electronically
130.2110	Sellers of Seeds and Fertilizer
130.2115	Sellers of Machinery, Tools and Special Order Items
130.2120	Suppliers of Persons Engaged in Service Occupations and Professions
130.2125	Trading Stamps and Discount Coupons
130.2130	Undertakers and Funeral Directors
130.2135	Vending Machines
130.2140	Vendors of Curtains, Slip Covers and Other Similar Items Made to Order
130.2145	Vendors of Meals
130.2150	Vendors of Memorial Stones and Monuments
130.2155	Tax Liability of Sign Vendors
130.2156	Vendors of Steam
130.2160	Vendors of Tangible Personal Property Employed for Premiums, Advertising, Prizes, Etc.
130.2165	Veterinarians

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## SUBPART T: DIRECT PAYMENT PROGRAM

## Section

130.2500	Direct Payment Program
130.2505	Qualifying Transactions, Non-transferability of Permit
130.2510	Permit Holder's Payment of Tax
130.2515	Application for Permit
130.2520	Qualification Process and Requirements
130.2525	Application Review
130.2530	Recordkeeping Requirements
130.2535	Revocation and Withdrawal

130.ILLUSTRATION A Examples of Tax Exemption Card

130.ILLUSTRATION B Example of Notice of Revocation of Certificate of Registration

AUTHORITY: Implementing the Illinois Retailers' Occupation Tax Act [35 ILCS 120] and authorized by Section 2505-25 of the Civil Administrative Code of Illinois [20 ILCS 2505/2505-25].

SOURCE: Adopted July 1, 1933; amended at 2 Ill. Reg. 50, p. 71, effective December 10, 1978; amended at 3 Ill. Reg. 12, p. 4, effective March 19, 1979; amended at 3 Ill. Reg. 13, pp. 93 and 95, effective March 25, 1979; amended at 3 Ill. Reg. 23, p. 164, effective June 3, 1979; amended at 3 Ill. Reg. 25, p. 229, effective June 17, 1979; amended at 3 Ill. Reg. 44, p. 193, effective October 19, 1979; amended at 3 Ill. Reg. 46, p. 52, effective November 2, 1979; amended at 4 Ill. Reg. 24, pp. 520, 539, 564 and 571, effective June 1, 1980; amended at 5 Ill. Reg. 818, effective January 2, 1981; amended at 5 Ill. Reg. 3014, effective March 11, 1981; amended at 5 Ill. Reg. 12782, effective November 2, 1981; amended at 6 Ill. Reg. 2860, effective March 3, 1982; amended at 6 Ill. Reg. 6780, effective May 24, 1982; codified at 6 Ill. Reg. 8229; recodified at 6 Ill. Reg. 8999; amended at 6 Ill. Reg. 15225, effective December 3, 1982; amended at 7 Ill. Reg. 7990, effective June 15, 1983; amended at 8 Ill. Reg. 5319, effective April 11, 1984; amended at 8 Ill. Reg. 19062, effective September 26, 1984; amended at 10 Ill. Reg. 1937, effective January 10, 1986; amended at 10 Ill. Reg. 12067, effective July 1, 1986; amended at 10 Ill. Reg. 19538, effective November 5, 1986; amended at 10 Ill. Reg. 19772, effective November 5, 1986; amended at 11 Ill. Reg. 4325, effective March 2, 1987; amended at 11 Ill. Reg. 6252, effective March 20, 1987; amended at 11 Ill. Reg. 18284, effective October 27, 1987; amended at 11 Ill. Reg. 18767, effective October 28, 1987; amended at 11 Ill. Reg. 19138, effective October 29, 1987; amended at 11 Ill. Reg. 19696, effective November 23, 1987;

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amended at 12 Ill. Reg. 5652, effective March 15, 1988; emergency amendment at 12 Ill. Reg. 14401, effective September 1, 1988, for a maximum of 150 days, modified in response to an objection of the Joint Committee on Administrative Rules at 12 Ill. Reg. 19531, effective November 4, 1988, not to exceed the 150 day time limit of the original rulemaking; emergency expired January 29, 1989; amended at 13 Ill. Reg. 11824, effective June 29, 1989; amended at 14 Ill. Reg. 241, effective December 21, 1989; amended at 14 Ill. Reg. 872, effective January 1, 1990; amended at 14 Ill. Reg. 15463, effective September 10, 1990; amended at 14 Ill. Reg. 16028, effective September 18, 1990; amended at 15 Ill. Reg. 6621, effective April 17, 1991; amended at 15 Ill. Reg. 13542, effective August 30, 1991; amended at 15 Ill. Reg. 15757, effective October 15, 1991; amended at 16 Ill. Reg. 1642, effective January 13, 1992; amended at 17 Ill. Reg. 860, effective January 11, 1993; amended at 17 Ill. Reg. 18142, effective October 4, 1993; amended at 17 Ill. Reg. 19651, effective November 2, 1993; amended at 18 Ill. Reg. 1537, effective January 13, 1994; amended at 18 Ill. Reg. 16866, effective November 7, 1994; amended at 19 Ill. Reg. 13446, effective September 12, 1995; amended at 19 Ill. Reg. 13568, effective September 11, 1995; amended at 19 Ill. Reg. 13968, effective September 18, 1995; amended at 20 Ill. Reg. 4428, effective March 4, 1996; amended at 20 Ill. Reg. 5366, effective March 26, 1996; amended at 20 Ill. Reg. 6991, effective May 7, 1996; amended at 20 Ill. Reg. 9116, effective July 2, 1996; amended at 20 Ill. Reg. 15753, effective December 2, 1996; expedited correction at 21 Ill. Reg. 4052, effective December 2, 1996; amended at 20 Ill. Reg. 16200, effective December 16, 1996; amended at 21 Ill. Reg. 12211, effective August 26, 1997; amended at 22 Ill. Reg. 3097, effective January 27, 1998; amended at 22 Ill. Reg. 11874, effective June 29, 1998; amended at 22 Ill. Reg. 19919, effective October 28, 1998; amended at 22 Ill. Reg. 21642, effective November 25, 1998; amended at 23 Ill. Reg. 9526, effective July 29, 1999; amended at 23 Ill. Reg. 9898, effective August 9, 1999; amended at 24 Ill. Reg. 10713, effective July 7, 2000; emergency amendment at 24 Ill. Reg. 11313, effective July 12, 2000, for a maximum of 150 days; amended at 24 Ill. Reg. 15104, effective October 2, 2000; amended at 24 Ill. Reg. 18376, effective December 1, 2000; amended at 25 Ill. Reg. 941, effective January 8, 2001; emergency amendment at 25 Ill. Reg. 1792, effective January 16, 2001, for a maximum of 150 days; amended at 25 Ill. Reg. 4674, effective March 15, 2001; amended at 25 Ill. Reg. 4950, effective March 19, 2001; amended at 25 Ill. Reg. 5398, effective April 2, 2001; amended at 25 Ill. Reg. 6515, effective May 3, 2001; expedited correction at 25 Ill. Reg. 15681, effective May 3, 2001; amended at 25 Ill. Reg. 6713, effective May 9, 2001; amended at 25 Ill. Reg. 7264, effective May 25, 2001; amended at 25 Ill. Reg. 10917, effective August 13, 2001; amended at 25 Ill. Reg. 12841, effective October 1, 2001; amended at 26 Ill. Reg. 958, effective January 15, 2002; amended at 26 Ill. Reg. 1303, effective January 17, 2002; amended at 26 Ill. Reg. 3196, effective February 13, 2002; amended at 26 Ill. Reg. 5369, effective April 1, 2002; amended at 26 Ill. Reg. 5946, effective April 15, 2002; amended at 26 Ill. Reg. 8423, effective May 24, 2002; amended at 26 Ill. Reg. 9885, effective June 24, 2002; amended at 27 Ill. Reg. 795, effective January 3, 2003; emergency amendment at 27 Ill. Reg. 11099, effective July 7, 2003,

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for a maximum of 150 days; emergency expired December 3, 2003; amended at 27 Ill. Reg. 17216, effective November 3, 2003; emergency amendment at 27 Ill. Reg. 18911, effective November 26, 2003, for a maximum of 150 days; emergency expired April 23, 2004; amended at 28 Ill. Reg. 9121, effective June 18, 2004; amended at 28 Ill. Reg. 11268, effective July 21, 2004; emergency amendment at 28 Ill. Reg. 15193, effective November 3, 2004, for a maximum of 150 days; emergency expired April 1, 2005; amended at 29 Ill. Reg. 7004, effective April 26, 2005; amended at 31 Ill. Reg. 3574, effective February 16, 2007; amended at 31 Ill. Reg. 5621, effective March 23, 2007; amended at 31 Ill. Reg. 13004, effective August 21, 2007; amended at 31 Ill. Reg. 14091, effective September 21, 2007; amended at 32 Ill. Reg. 4226, effective March 6, 2008; emergency amendment at 32 Ill. Reg. 8785, effective May 29, 2008, for a maximum of 150 days; amended at 32 Ill. Reg. 10207, effective June 24, 2008; amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART C: CERTAIN STATUTORY EXEMPTIONS

**Section 130.325 Graphic Arts Machinery and Equipment Exemption**

- a) General. Through June 30, 2003, and beginning again on September 1, 2004 [through August 31, 2009](#), notwithstanding the fact that sales may be at retail, the Retailers' Occupation Tax does not apply to the sale of machinery and equipment, including repair and replacement parts, both new and used and including that manufactured on special order to be used primarily in graphic arts production. The exemption extends to purchases by lessors who will lease the property for use primarily in graphic arts production. Taxpayers must certify the use of the equipment they are purchasing to their suppliers. (See subsection (i) of this Section.) [By statute, this exemption was repealed June 30, 2003 \(Public Act 93-0024; effective June 20, 2003\). Pursuant to Public Act 93-0840, effective July 30, 2004, this exemption was reenacted without any specific sunset date. Section 2-70 of the Retailers' Occupation Tax Act provides that, if a reasonable and appropriate sunset date is not specified in the Public Act that creates the exemption, credit or deduction, a taxpayer shall not be entitled to take the exemption, credit or deduction beginning five years after the effective date of the Public Act creating the exemption, credit or deduction and thereafter. Because no sunset date or language excepting this exemption from the sunset provision was contained in Public Act 93-0840, the statutory sunset provision applies the five-year sunset. Beginning September 1, 2009, this exemption will no longer be available.](#)
- b) Graphic Arts Production. *Provisions effective August 13, 1999 through June 30,*

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2003, and beginning again on September 1, 2004 [through August 31, 2009](#):

- 1) Graphic arts production has the following meanings and applications:
  - A) *Graphic arts production means printing, including ink jet printing, by one or more of the processes described in Groups 323110 through 323122 of Subsector 323, Groups 511110 through 511199 of Subsector 511, and Group 512230 of Subsector 512 of the North American Industry Classification System ("NAICS") published by the U.S. Office of Management and Budget, 1997 edition (no subsequent amendments or editions are included). Graphic arts production does not include the transfer of images onto paper or other tangible personal property by means of photocopying or final printed products in electronic or audio form, including the production of software or audio-books.* (Section 2-30 of the Act) Groups 323110 through 323122 of Subsector 323, Groups 511110 through 511199 of Subsector 511, and Group 512230 of Subsector 512 include printing upon apparel and textile products, paper, metal, glass, plastics, and other materials except fabric (grey goods). Printing upon grey goods is part of the process of finishing fabric and is included in the NAICS Textile Mills subsector in Industry 31331, Textile and Fabric Finishing Mills.
  - B) The North American Industry Classification System referenced in subsection (b)(1) can be obtained from the U.S. Department of Commerce, National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161 (Phone: 1-800-553-6847). The Department also maintains a copy of this information, which may be obtained upon request and at cost, from the Legal Services Office, 5-500, 101 West Jefferson Street, Springfield, Illinois 62794.
  - C) The exemption applies to machinery and equipment used in graphic arts production processes, as those processes are described in the NAICS. While the NAICS subsectors referenced in subsection (b)(1)(A) describe types of graphic arts establishments that typically engage in graphic arts production, the exemption is not limited to qualifying machinery and equipment used by the establishments described in the NAICS, but rather, to qualifying

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machinery and equipment used in the printing processes described in the NAICS (for example, lithography, gravure, flexography, screen printing, quick printing, digital printing and trade services such as prepress and binding and finishing services). The tangible personal property produced by graphic arts production need not be sold at retail in order for the exemption to apply. For instance, a company's purchase of qualifying graphic arts equipment used to produce its own printed materials qualifies for the exemption, even though the company is not in the business of selling printed materials at retail.

- D) The exemption includes printing by methods of engraving, letterpress, lithography, gravure, flexography, screen, quick, and digital printing. It also includes the printing of manifold business forms, blankbooks, looseleaf binders, books, periodicals and newspapers. Included in the exemption are prepress services described in Subsector 323122 of the NAICS (e.g., the creation and preparation of negative or positive film from which plates are produced, plate production, cylinder engraving, typesetting and imagesetting). The exemption also includes trade binding and related printing support activities set forth in Subsector 323121 of the NAICS (e.g., tradebinding, sample mounting and postpress services, such as book or paper bronzing, edging, embossing, folding, gilding, gluing, die cutting, finishing, tabbing and indexing).
- E) "Digital printing and quick printing" mean the printing of graphical text or images by a process utilizing digital technology, as provided in subsection (b)(4) of this Section. It also includes the printing of what is commonly known as "digital photography" (e.g., use of a qualifying integrated computer and printer system to print a digital image). The exemption extends only to machinery and equipment, including repair and replacement parts, used in the act of production. Accordingly, no other type or kind of tangible personal property will qualify for the exemption, even though it may be used primarily in the graphic arts business.
- 2) Machinery means major mechanical machines or major components of such machines contributing to graphic arts production. Equipment means

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any independent device or tool separate from any machinery but essential to the graphic arts production process; or any sub-unit or assembly comprising a component of any machinery or auxiliary, adjunct, or attachment parts of machinery. Beginning August 23, 2001, equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

- A) The exemption does not include hand tools, supplies such as rags, lubricants, adhesives, solvents, ink, dyes, chemicals except as described in this subsection (b)(2), negatives, acids or solutions, fuels, electricity and steam or water. The exemption also does not include items of personal apparel, such as gloves, shoes, glasses, goggles, coveralls, aprons, and masks.
  - B) This exemption does not include the sale of materials to a purchaser who manufactures those materials into an otherwise exempted type of graphic arts machinery or equipment.
  - C) Machinery and equipment does not include foundations or special purpose buildings to house or support graphic arts machinery and equipment.
  - D) Machinery and equipment does not include computer software unless purchased preinstalled in qualifying computer equipment. Computer software not purchased preinstalled in qualifying computer equipment, including upgrades or new software, is subject to tax.
- 3) Primary Use. The law requires that machinery and equipment be used primarily in graphic arts production.
- A) Therefore, machinery that is used primarily in an exempt process and partially in a nonexempt manner would qualify for the exemption. However, the purchaser must be able to establish through adequate records that the machinery or equipment is used over 50% in an exempt manner in order to claim the exemption.
  - B) The fact that particular machinery or equipment may be considered



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essential to the conduct of the business of graphic arts production because its use is required by law or practical necessity does not, of itself, mean the machinery or equipment is used primarily in graphic arts production.

- 4) By way of illustration and not limitation, the following activities will generally be considered graphic arts production:
  - A) Prepress or preliminary processes. Prepress or preliminary processes include the steps required to transform an original into a state that is ready for reproduction by printing. Prepress or preliminary processes include typesetting, film production, color separation, final photocomposition (e.g., image assembly and imposition (stripping)); and platemaking. Prepress or preliminary processes include the manipulation of images or text in preparation for printing for the purpose of conforming those images to the specific requirements of the printing process being utilized. For example, the images must be conformed for a specific signature layout and formatted to a specific paper size. In addition, colors must be calibrated to the specific type of paper or printing process utilized, so that they conform to customer specifications. Prepress or preliminary processes do not, however, include the creation or artistic enhancement of images that will later be reproduced in printed form by a graphic arts process. For example, the creation of an advertisement pursuant to customer direction, or enhancement of a photograph received from a customer by adding a border, text or rearranging the placement of images in the photograph, is not the performance of a qualifying prepress or preliminary process. Prepress or preliminary processes can be performed at the printing facility, a separate prepress or preliminary facility, the customer's location, or other location. The following are examples of equipment used in qualifying prepress or preliminary activities:
    - i) Large scale, fixed-position cameras used to photograph two dimensional copy to produce negatives or positives used in the production of plates; film processors; scanners; impositioners; RIP (raster image processor) equipment; proofing equipment; imagesetters, plate processors,

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helioklischographs and computer-to-plate and computer-to-press equipment.

- ii) Computers that qualify include computers used primarily to receive, store and manipulate images to conform them to the requirements of a specific printing process that will later be performed. Computers used in connection with what is commonly referred to as "digital photography" will qualify if used primarily to format the graphic image that will be printed (e.g., used to format the size and layout of images to be printed). If ~~thesuch~~ computers are primarily used, however, to apply background colors, borders or other artistic enhancements, or to view and select particular digital images to be printed, they will not qualify for the exemption.
  - iii) Digital cameras do not qualify if they are used primarily to create an original image that will later be reproduced by a graphic arts process.
  - iv) Servers used primarily to transfer images and text to qualifying equipment qualify, but do not qualify if used primarily in a non-exempt activity (for example, servers used to maintain an in-house email system).
  - v) Scanners used primarily to input previously created images or text that will be reproduced by a graphic arts process qualify for the exemption.
- B) The transfer of images or text from computers, plates, cylinders or blankets to paper or other stock to be printed. This process begins when paper is introduced on the press. Examples of qualifying equipment used in this activity include printing plates, printing presses, blankets and rollers, automatic blanket washers, scorers and dies, folders, punchers, stackers, strappers used in the pressroom for signatures, dryers, chillers and cooling towers. Laser or ink jet printers used to print on paper or other stock are also included in this exemption.

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- i) Equipment used to handle or convey printed materials between production stations in an integrated on-line graphic arts process is included in the exemption (e.g., a forklift or bindery cart will qualify for the exemption if it is primarily used to convey book covers that have been printed and cut to binding and finishing equipment).
  - ii) Computer equipment used to operate exempt graphic arts equipment also qualifies for the exemption.
  - iii) Equipment, such as transformers, used primarily to provide power to qualifying printing presses or bindery lines, qualifies for the exemption. Similarly, heating and cooling machinery or equipment used to produce an environment necessary for the production of printed material qualifies for the exemption. For example, humidity-control equipment used to reduce static during the printing process qualifies for the exemption.
- C) Activities involving the binding, collating or finishing of the graphic arts product. Equipment used in these activities includes, for instance, binders, packers, gatherers, joggers, trimmers, selectronic equipment, blow-in card feeders, inserters, stitchers, gluers, spiral binders, addressing machines, labelers and ink-jet printers.
- i) Machinery or equipment used to convey materials to packaging areas after the graphic arts product has been printed, bound and finished qualifies for the exemption. ~~ThatSuch~~ equipment includes, for instance, conveyor systems, hoists or other conveyance mechanisms used to direct the final printed product into packaging areas.
  - ii) Machinery or equipment used to package materials after the graphic arts product has been printed, bound and finished qualifies for the exemption. ~~PackagingSuch~~ ~~packaging~~ equipment includes, for instance, cartoning systems, palletizers, stretch wrappers, strappers, shrink tunnels and similar equipment.

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- 5) By way of illustration and not limitation, the following activities will generally not be considered to be graphic arts production:
- A) The use of machinery and equipment in general maintenance or repair work on production machinery or equipment. This includes hand tools, welding tools, racks, and other machinery and equipment used in the maintenance area.
  - B) The use of machinery and equipment (e.g., fork lifts, roll clamps and roll grabbers) to convey raw materials to the press does not qualify for the exemption.
  - C) The use of machinery or equipment to convey materials to final storage or shipping areas. ThatSuch equipment includes, for instance, fork lifts used primarily to place the packaged printed product into final storage or shipping areas.
  - D) The use of machinery or equipment to gather information, track jobs or to perform data-related functions prior to a qualifying prepress activity (e.g., computers used primarily to edit or create text, data, or other copy). ThatSuch equipment includes items such as inventory tracking devices and bar-code readers.
  - E) The use of machinery or equipment to photocopy printed matter. A copier that is capable of printing images or text transmitted to it in digital form will qualify. However, a copier that produces photocopies by means of xerographic technology is subject to tax.
  - F) The use of machinery or equipment in managerial, sales or other non-production, non-operational activities including inventory control, production scheduling, purchasing, receiving, accounting, physical management, general communications, plant security, marketing, or personnel recruitment, selection or training. Waste disposal equipment (e.g., equipment used to contain and recapture paper dust) does not qualify for the exemption. However, for information regarding the pollution control exemption, see Section 130.335 of this Part. Similarly, baling equipment used to recycle paper waste does not qualify under this exemption. However, the

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manufacturing machinery and equipment exemption may be applicable. (See Section 130.330 of this Part.)

- G) The use of machinery and equipment to prevent or fight fires or to protect employees, such as protective masks, respirators, first-aid kits, gloves, coveralls and goggles, or for safety, accident protection or first-aid, even though that machinery or equipment may be required by federal, State or local law.
- H) The use of machinery or equipment for general ventilation, heating, cooling, climate control or general illumination, except when the machinery or equipment is used to produce an environment necessary for the production of printed material.
- 6) An item of machinery or equipment that initially is used primarily in graphic arts production and having been so used for less than one-half of the useful life and is converted to primarily nonexempt uses will become subject to the tax at the time of the conversion. The tax will be collected on that portion of the price of the machinery or equipment as was excluded from tax at the time the sale or purchase was made.
- 7) Sales to Lessors of Graphic Arts Equipment. The statute provides for the purchase of graphic arts machinery and equipment by lessors who will lease that machinery and equipment for use in graphic arts production. Therefore, if the purchaser of the machinery or equipment leases the machinery and equipment to a lessee who uses it in an exempt manner, the sale to the purchaser-lessor will be exempt from tax. A supplier may exclude these sales from his [or her](#) taxable gross receipts provided that the purchaser-lessor provides to him [or her](#) a properly completed exemption certificate and the information contained in the certificate would support an exemption if the sale were made directly to the lessee. Should a purchaser-lessor subsequently lease the machinery or equipment to a lessee who does not use it in an exempt manner that would qualify directly for the exemption, the purchaser-lessor will become liable for the tax from which he [or she](#) was previously exempted.
- 8) Exemption Certification. Purchasers wishing to claim the exemption must certify to their suppliers that the machinery and equipment will be used primarily for graphic arts production. Retailers must maintain the

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certificates in their books and records. The use of blanket certificates of exemption will be permitted. The certificate must include the seller's name and address, the purchaser's name and address and a statement that the property purchased will be used primarily in graphic arts production. So long as the retailer obtains a certificate of exemption that contains all the information required in this subsection (b)(8), the retailer need not verify that the equipment he [or she](#) sells is actually used as graphic arts production equipment. If a graphic arts producer or lessor purchases at retail from a vendor who is not registered to collect Illinois Use Tax, the purchaser must maintain a copy of the certification in his [or her](#) records to support the deduction taken on the return.

- c) Graphic Arts Production. Provisions in effect until August 13, 1999:
- 1) *Graphic arts production means printing by one or more of the common processes or graphic arts production services as those processes and services are defined in Major Group 27 of the U.S. Standard Industrial Classification Manual. (Section 2-30 of the Act) The exemption includes printing by letterpress, lithography, gravure, screen, engraving and flexography and includes ~~such~~ printing trade services as typesetting, negative production, plate production, bookbinding, finishing, looseleaf binder production and other services set forth in Major Group 27. The exemption extends only to machinery and equipment used in the act of production. Accordingly, no other type or kind of tangible personal property will qualify for the exemption, even though it may be used primarily in the graphic arts business.*
  - 2) Machinery means major mechanical machines or major components of ~~such~~ machines contributing to graphic arts production. Equipment means any independent device or tool separate from any machinery but essential to the graphic arts production process; or any sub-unit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment or parts of machinery. The exemption does not include hand tools, supplies, lubricants, adhesives or solvents, ink, chemicals, dyes, acids or solutions, fuels, electricity, steam or water, items of personal apparel such as gloves, shoes, glasses, goggles, coveralls, aprons, and masks, or such items as negatives, one-time use printing plates as opposed to multiple use cylinders or lithographic plates, dies, etc., ~~that~~[which](#) are expendable supplies. This exemption does not include the sale of

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materials to a purchaser who manufactures ~~thesesuch~~ materials into an otherwise exempted type of graphic arts machinery or equipment.

- 3) Machinery and equipment does not include foundations for or special purpose buildings to house or support graphic arts machinery and equipment.
- 4) Primary Use.
  - A) The law requires that machinery and equipment be used primarily in graphic arts production. Therefore, machinery ~~thatwhich~~ is used primarily in an exempt process and partially in a nonexempt manner, would qualify for the exemption. However, the purchaser must be able to establish adequate records that the machinery or equipment is used over 50% in an exempt manner in order to claim the deduction.
  - B) The fact that particular machinery or equipment may be considered essential to the conduct of the business of graphic arts production because its use is required by law or practical necessity does not, of itself, mean the machinery or equipment is used primarily in graphic arts production.
  - C) By way of illustration and not limitation, the following activities will generally be considered to constitute an exempt use:
    - i) Machinery and equipment to directly produce typesetting, negatives and plates including final photo-composition and color separation processes.
    - ii) The use of machinery and equipment to transfer images or text from type or plates or image carriers to paper or other stock to be printed.
    - iii) Equipment to collate, bind or finish the graphic arts product covered in subsection (c)(2), ~~above~~.
    - iv) Large scale, fixed-position cameras used to photograph two dimensional copy to produce negatives or positives used in

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the production of plates.

- D) By way of illustration and not limitation, the following activities will generally not be considered to be graphic arts production:
- i) The use of machinery and equipment in general maintenance or repair work on production machinery or equipment.
  - ii) The use of machinery or equipment to store, convey, handle or transport materials.
  - iii) The use of machinery or equipment to place the printed product in the container package or wrapping in which ~~thesuch~~ property is normally sold to the ultimate consumer ~~of the property~~thereof.
  - iv) The use of machinery or equipment to gather information, photograph, transmit data, edit text, prepare drafts or copy or perform other date-related functions prior to final composition, typesetting, engraving or other preparation of the image carrier.
  - v) Xerographic or photocopying machines do not qualify for the exemption.
  - vi) Word processing, text editing machinery or computerized equipment unless it is an integral part of a final graphic arts operation, such as a computer-controlled typesetting machine or equivalent that is used primarily in graphic arts production.
  - vii) Computers used to store data and generate text, maps, graphs or other print-out formats unless the product is an image carrier to be used to repetitively transfer images by printing. For example, a computer ~~thatwhich~~ generates an image ~~thatwhich~~ may later be reproduced by a graphic arts process would not qualify while a computer-controlled engraving system ~~thatwhich~~ produces printing cylinders



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and computer-controlled digital typesetting equipment would qualify.

- viii) The use of machinery or equipment in managerial, sales or other non-production, non-operational activities including disposal of waste, inventory control, production scheduling, purchasing, receiving, accounting, physical management, general communications, plant security, sales, marketing, product exhibition and promotion, or personnel recruitment, selection or training.
  - ix) The use of machinery and equipment to prevent or fight fires or to protect employees, such as protective masks, gloves, coveralls and goggles or for safety, accident protection or first-aid even though [thesueh](#) machinery or equipment may be required by law.
  - x) The use of machinery or equipment for general ventilation, heating, cooling, climate control or general illumination.
- E) An item of machinery or equipment [thatwhich](#) initially is used primarily in graphic arts production and having been so used for less than one-half of the useful life is converted to primarily nonexempt uses, will become subject to the tax at the time of the conversion. [TheSuch](#) tax will be collected on [thesueh](#) portion of the purchase price of the machinery or equipment as was excluded from tax at the time the sale or purchase was made.
- 5) Sales to Lessors of Graphic Arts Equipment.  
The statute provides for the purchase of graphic arts machinery and equipment by lessors who will lease [thesueh](#) machinery and equipment for use in graphic arts production. Therefore, if the purchaser of the machinery or equipment leases the machinery and equipment to a lessee who uses it in an exempt manner, the sale to the purchaser-lessor will be exempt from tax. A supplier may exclude such sales from his [or her](#) taxable gross receipts provided that the purchaser-lessor provides to him [or her](#) a properly completed exemption certificate and the information contained therein would support an exemption if the sale were made directly to the lessee. Should a purchaser-lessor subsequently lease the

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machinery or equipment to a lessee who does not use it in an exempt manner that would qualify directly for the exemption, the purchaser-lessor will become liable for the tax from which he or she was previously exempted.

- 6) Exemption Certification.  
Purchasers wishing to claim the exemption must certify to their suppliers that the machinery and equipment will be used primarily for graphic arts production. Retailers must maintain thesueh certificates in their books and records. The use of blanket certificates of exemption will be permitted. If a graphic arts producer or lessor purchases at retail from a vendor who is not registered to collect Illinois Use Tax, the purchaser must maintain a copy of the certification in his or her records to support the deduction taken on the return. The certificate must include the seller's name and address, the purchaser's name and address and a statement that the property purchased will be used primarily in graphic arts production.
- 7) For the purpose of determining the portion of the proceeds or cost thatwhich may be excluded from tax, a sale of property will be deemed to be made as of the date of delivery of thesueh property. If a single sale of property is made thatwhich calls for multiple deliveries unrelated to payments and a portion of the sold property is delivered when one fraction of the proceeds or cost is excludable and the remainder of the property is delivered when a different fraction of the proceeds or cost is excludable, the earliest date of delivery of any of the property will determine the portion of the proceeds or cost of the entire sale thatwhich may be excluded in computing the tax thatwhich is due on that entire sale. However, even when a contract provides for multiple deliveries, if a payment is closely related in time and quantity to the property delivered, the date of each delivery will determine the portion of the proceeds or cost thatwhich may be excluded in computing the tax that is due on that payment.

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 130.331 Manufacturer's Purchase Credit**

- a) Earning Manufacturer's Purchase Credit

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- 1) Effective January 1, 1995 through June 30, 2003, and beginning again [on September 1, 2004 through August 31, 2009](#), a manufacturer may earn a credit when purchasing exempt manufacturing machinery and equipment. Effective July 1, 1996 through June 30, 2003, and beginning again [on September 1, 2004 through August 31, 2009](#), a graphic arts producer may earn a credit when purchasing exempt graphic arts machinery and equipment. The credit is known as the Manufacturer's Purchase Credit or MPC. The amount of credit is limited to a percentage of the 6.25% State rate of tax that would have been incurred on the purchase of exempt manufacturing machinery and equipment. (See Section 130.325 and Section 130.330 of this Part.) [By statute, this exemption was repealed June 30, 2003 \(Public Act 93-0024; effective June 20, 2003\). Pursuant to Public Act 93-0840, effective July 30, 2004, MPC was reenacted without any specific sunset date. Section 3-90 of the Use Tax Act and Section 2-70 of the Retailers' Occupation Tax Act provide that, if a reasonable and appropriate sunset date is not specified in the Public Act that creates the exemption, credit or deduction, a taxpayer shall not be entitled to take the exemption, credit or deduction beginning five years after the effective date of the Public Act creating the exemption, credit or deduction and thereafter. Because no sunset date or language excepting this exemption from the sunset provision was contained in Public Act 93-0840, the statutory sunset provision applies the five-year sunset. Beginning September 1, 2009, MPC will no longer be available.](#)
- 2) The percentage of credit earned based upon exempt purchases increases over time as follows:
  - A) *15% for purchases made on or before June 30, 1995.*
  - B) *25% for purchases made after June 30, 1995, and on or before June 30, 1996.*
  - C) *40% for purchases made after June 30, 1996, and on or before June 30, 1997.*
  - D) *50% for purchases made on or after July 1, 1997. (Section 3-85 of the Use Tax Act)*
- 3) The credit is earned at the time qualifying manufacturing machinery and

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equipment or qualifying graphic arts machinery and equipment is purchased. A qualifying purchase is considered to take place as of the date of invoice of that qualifying manufacturing machinery and equipment. The credit is considered to be earned on qualifying manufacturing machinery and equipment or qualifying graphic arts machinery and equipment that is purchased under an installment contract or progress payment contract at the time that each installment or progress payment is invoiced. The amount of credit that is earned is based on the amount of tax that would have been due on that portion of the purchase price that is invoiced.

- 4) No credit is earned for exempt purchases under the expanded Enterprise Zone exemption, as described in Section 130.1951(b) of this Part, unless that purchase would also qualify as exempt under the Manufacturing Machinery and Equipment Exemption described in Section 130.330 of this Part or under the Graphic Arts Machinery and Equipment Exemption described in Section 130.325 of this Part.
  - 5) No credit is earned for a purchase of tangible personal property that qualifies as an occasional sale, as described in Section 130.110 (a) of this Part.
  - 6) No credit is earned for a purchase of tangible personal property that is purchased for resale. (See Section 130.210 (a) of this Part.)
- b) Using Manufacturer's Purchase Credit
- 1) The credit may be used to satisfy Use Tax or Service Use Tax liability incurred on the purchase of qualifying production related tangible personal property. (See Section 3-85 of the Use Tax Act [35 ILCS 105/3-85] and Section 3-70 of the Service Use Tax Act [35 ILCS 110/3-70].) *Credit earned prior to July 1, 2003 cannot be used after September 30, 2003. Credit earned on and after September 1, 2004 may only be used to satisfy tax liabilities for purchases of production related tangible personal property made on and after September 1, 2004 through August 31, 2009.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) The credit may be applied only to the 6.25% State rate of tax incurred. Prior to the credit being earned, credit may not be used on a qualifying purchase, except as provided in subsection (e)(7)(B). However,

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the credit may be used the same day that it is earned, but must be followed by proper reporting of the credit as set out in subsections (c), (d), and (e). For purposes of when to use accumulated Manufacturer's Purchase Credit, a manufacturer or graphic arts producer is always safe to use the credit in a month after the month in which the credit was earned.

- 2) The credit is non-transferable and may not be used to satisfy the tax liability of any taxpayer other than the manufacturer or graphic arts producer that earned the credit. *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) [Credit earned on and after September 1, 2004 may only be used to satisfy tax liabilities for purchases of production related tangible personal property made on and after September 1, 2004 through August 31, 2009.](#)
  - A) A manufacturer or graphic arts producer may enter into a written contract with a construction contractor to authorize that construction contractor to utilize Manufacturer's Purchase Credit accumulated by the manufacturer or graphic arts producer for the purchase of tangible personal property to be installed into real estate within a manufacturing or graphic arts production facility for use in a production related process. The written contract must specify the specific dollar amount of Manufacturer's Purchase Credit that the construction contractor is authorized to utilize on behalf of the manufacturer or graphic arts producer.
  - B) To properly utilize the Manufacturer's Purchase Credit on behalf of the manufacturer or graphic arts producer when purchasing tangible personal property for installation into real estate within a manufacturing or graphic arts production facility for use in a production related process, the contractor must furnish the supplier with information stating:
    - i) The manufacturer's or graphic arts producer's name and address;
    - ii) The manufacturer's or graphic arts producer's registration or resale number; and

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- iii) A statement that a specific amount of Use Tax or Service Use Tax liability, not to exceed 6.25% of the selling price, is being satisfied with the Manufacturer's Purchase Credit.
- C) To properly utilize the Manufacturer's Purchase Credit on behalf of the manufacturer or graphic arts producer when purchasing tangible personal property for installation into real estate within a manufacturing facility, the contractor must furnish the manufacturer or graphic arts producer with information stating:
- i) Each vendor's or supplier's name and address (including, if applicable, either the vendor's or supplier's registration number or Federal Employer Identification Number);
  - ii) The date of purchase, purchase price, and description of the tangible personal property purchased; and
  - iii) The amount of the Use Tax or Service Use Tax liability, not to exceed 6.25% of the selling price, that was satisfied by the Manufacturer's Purchase Credit utilized for each purchase.
- D) A credit reported under a particular Illinois Business Tax number may not be transferred to a related but separately registered division or company.
- 3) Production related tangible personal property means:
- A) All tangible personal property used or consumed in a production related process by a manufacturer in a manufacturing facility in which a manufacturing process described in Section 2-45 of the Retailers' Occupation Tax Act takes place.
  - B) All tangible personal property used or consumed in a production related process by a graphic arts producer in a graphic arts production facility in which a graphic arts production process described in Section 2-30 of the Retailers' Occupation Tax Act takes place.

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- C) All tangible personal property used or consumed by a manufacturer or graphic arts producer in research and development regardless of use within or without a manufacturing or graphic arts production facility. (See Section 3-85 of the Use Tax Act.)
- 4) By way of illustration and not limitation, the following uses of tangible personal property will be considered production related:
- A) Tangible personal property purchased by a manufacturer for incorporation into real estate within a manufacturing facility for use in a production related process; or tangible personal property purchased by a construction contractor for incorporation into real estate within a manufacturing facility for use in a production related process pursuant to a written contract described in subsection (b)(2)(A) of this Section.
- B) Supplies and consumables used in a manufacturing facility, including fuels, coolants, solvents, oils, lubricants, cleaners and adhesives.
- C) Hand tools, protective apparel, and fire and safety equipment used or consumed in a manufacturing facility.
- D) Tangible personal property used or consumed in a manufacturing facility for purposes of pre-production and post-production material handling, receiving, quality control, inventory control, storage, staging and packing for shipping or transportation.
- E) Fuel used in a ready-mix cement truck to rotate the mixing drum in order to manufacture concrete or cement. However, only the amount of fuel used to rotate the drum will qualify. The amount of fuel used or consumed in transportation of the truck will not qualify as production related tangible personal property. The amount of fuel used in a qualifying manner to rotate the drum may be stated as a percentage of the entire amount of fuel used or consumed by the ready-mix truck.
- F) Tangible personal property purchased by a graphic arts producer

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for incorporation into real estate within a graphic arts production facility for use in a production related process; or tangible personal property purchased by a construction contractor for incorporation into real estate within a graphic arts production facility for use in a production related process pursuant to a written contract described in subsection (b)(2)(A) of this Section.

- G) Supplies and consumables used in a graphic arts production facility, including solvents, oils, lubricants, cleaners and adhesives. Paper and ink that is transferred to a customer does not qualify as production related tangible personal property.
  - H) Hand tools, protective apparel, and fire and safety equipment used or consumed in a graphic arts production facility.
  - I) Tangible personal property used or consumed inside a graphic arts facility for purposes of preliminary or pre-press production, pre-production material handling, receiving, quality control, inventory control, storage, staging, sorting, labeling, mailing, tying, wrapping, and packaging.
- 5) By way of illustration and not limitation, the following uses of property will not be considered production related:
- A) The use of trucks, trailers, and motor vehicles ~~that~~which are required to be titled or registered pursuant to the Illinois Motor Vehicle Code [625 ILCS 5], and aircraft or watercraft required to be registered with an agency of State or federal government.
  - B) Office supplies, computers, desks, copiers and equipment ~~that~~which are used for sales, purchasing, accounting, fiscal management, marketing and personnel recruitment or selection activities, even if ~~the~~such use takes place within a manufacturing or graphic arts production facility.
  - C) Tangible personal property used or consumed for aesthetic or decorative purposes, including landscaping and artwork.
  - D) Tangible personal property used or consumed outside the



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manufacturing or graphic arts production facility, including tangible personal property listed in subsections (b)(4)(D) and (b)(4)(I) ~~above~~ with the exception of tangible personal property used or consumed for research and development purposes.

- E) Tangible personal property purchased by a construction contractor for incorporation into a manufacturing or graphic arts production facility, unless ~~the such~~ purchase by the construction contractor was made on behalf of a manufacturer or graphic arts producer pursuant to a written contract described in subsection (b)(2)(A) of this Section.
- F) Except as otherwise provided in subsection (b)(2) of this Section, tangible personal property transferred to a manufacturer's customer or the customer of a person that is engaged in graphic arts production. For example, paper and ink transferred to a customer by a de minimis serviceman as described in 86 Ill. Adm. Code 140.108 that is engaged in graphic arts production is not considered production related.
- 6) The credit may be used to satisfy the State portion (6.25%) of a Use Tax or Service Use Tax liability arising under audit where the liability established is the result of:
- A) an erroneous claim of the Manufacturing Machinery and Equipment Exemption provided in Section 2-45 of the Retailers' Occupation Tax Act,
- B) an erroneous claim of the Graphic Arts Machinery and Equipment Exemption provided in Section 2-5(4) of the Retailers' Occupation Tax Act, or
- C) the manufacturer or graphic arts producer failing to self-assess and remit Use Tax or Service Use Tax on the purchase of production related tangible personal property.

(See Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act.) The credit may only be used to satisfy the State portion (6.25%) of a Use Tax or Service Use Tax liability incurred on the purchase of

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qualifying production related tangible personal property. Under no circumstances may the credit be used to satisfy penalty and interest or other tax liability incurred by the manufacturer or graphic arts producer.

- 7) Credit may be used to satisfy the State portion (6.25%) of a qualifying Use Tax or Service Use Tax liability incurred by a manufacturer or graphic arts producer on a purchase of production related tangible personal property when payment of tax must be made directly to the Department.
  - 8) The credit expires December 31st of the second calendar year following the calendar year in which the credit was earned. (See Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act.) However, for credit earned on or after June 30, 1995, the life of unreported credit may be extended during the period of an agreed extension of the statute of limitations as provided in subsection (e)(7).
  - 9) A manufacturer or graphic arts producer may use credit to satisfy Service Use Tax liability only when purchasing production related tangible personal property transferred incident to a sale of service.
  - 10) *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003, including to satisfy an audit liability.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) Notwithstanding any other provision of this Section, the credit earned on or after September 1, 2004 cannot be used on a purchase of production related tangible personal property made after August 31, 2009.
- c) Reporting Manufacturer's Purchase Credit Earned or Used for Periods from January 1, 1995 through June 29, 1995
- 1) In order to validate credit earned as the result of a qualifying purchase of exempt manufacturing machinery and equipment or credit used on a qualifying purchase, the manufacturer must report credit earned to the Department in a timely manner. Failure to report credit earned will result in expiration of the credit as of the date earned.
  - 2) On forms prescribed or approved by the Department, a manufacturer must report credit earned or used by the last day of the second month following

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the month of creation or use of the credit. No credit report is required for any month in which a manufacturer neither earned nor used credit. Original invoices or copies of original invoices are not to be filed with the Department.

- 3) Credit Use or Misuse Causing Expiration of Credit. Credit used, whether properly or improperly, expires upon use and cannot be recreated once used. The manufacturer may be liable for tax, penalty and interest on the purchase of production related tangible personal property where expired credit was used, in accordance with provisions of the Uniform Penalty and Interest Act [35 ILCS 735]. The following represent examples of uses of credit that will result in expiration of the credit:
  - A) Failure to report credit or use of credit.
  - B) Failure to timely report credit or use of credit.
  - C) Use of credit prior to actually earning credit as described in subsection (a)(3).
  - D) Return of goods to supplier for full refund including tax where credit was tendered in payment of tax. Credit expires once used and cannot be recreated once used regardless of reason for return.
- 4) A purchaser earning Manufacturer's Purchase Credit must maintain records, as to each purchase of manufacturing machinery and equipment on which the purchaser earned Manufacturer's Purchase Credit, that identify the following:
  - A) The vendor or supplier (including, if applicable, either the vendor's or supplier's Illinois registration number or Federal Employer Identification Number);
  - B) The date of purchase, purchase price, and description of the exempt manufacturing machinery and equipment; and
  - C) The amount of Manufacturer's Purchase Credit earned on that purchase.

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- 5) A purchaser using Manufacturer's Purchase Credit must maintain records, as to each purchase of production related tangible personal property on which the purchaser used Manufacturer's Purchase Credit to satisfy the purchaser's Use Tax or Service Use Tax liability, that identify the following:
    - A) The vendor or supplier (including, if applicable, either the vendor's or supplier's Illinois registration number or Federal Employer Identification Number);
    - B) The date of purchase, purchase price, and description of the production related tangible personal property; and
    - C) The amount of Manufacturer's Purchase Credit used to satisfy the purchaser's Use Tax or Service Use Tax liability on that purchase.
  - 6) As determined pursuant to audit by the Department, credit earned by purchase of exempt machinery and equipment that has not been timely and properly reported will result in expiration of the credit. Use of expired credit in this situation may result in an assessment for tax, penalty and interest on the subsequent purchase of production related tangible personal property. Credit that was properly reported when earned but was not timely and properly reported to the Department when used will likewise expire resulting in an assessment for tax, penalty and interest on the purchase of production related tangible personal property for which it was offered in payment of Use Tax or Service Use Tax liability.
- d) Reporting Manufacturer's Purchase Credit Earned or Used on June 30, 1995
- 1) The reporting requirements for Manufacturer's Purchase Credit were changed by Public Act 89-89, effective June 30, 1995. In order to provide consistent and easier reporting requirements for manufacturers utilizing Manufacturer's Purchase Credit and the Department's Administration of the Manufacturer's Purchase Credit program, manufacturers are required to report Manufacturer's Purchase Credit earned or used on June 30, 1995, under the methods described in subsection (c) of this Section. However, the Manufacturer's Purchase Credit earned or used on that date will be subject to the provisions described in subsection (e) of this Section without the necessity of including those Manufacturer's Purchase Credits

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in an Annual Report of Manufacturer's Purchase Credit Earned or an Annual Report of Manufacturer's Purchase Credit Used.

- 2) A manufacturer filing an amended Annual Manufacturer's Purchase Credit Report under subsection (e)(7) of this Section that includes Manufacturer's Purchase Credit earned or used on June 30, 1995 must disclose that ~~thesueh~~ report includes Manufacturer's Purchase Credit earned or used on June 30, 1995.
- e) Reporting Manufacturer's Purchase Credit Earned or Used for Periods on or after July 1, 1995
- 1) In order to validate credit earned as the result of a qualifying purchase of exempt manufacturing machinery and equipment or exempt graphic arts machinery and equipment, the manufacturer or graphic arts producer must report credit earned to the Department by signing and filing an Annual Report of Manufacturer's Purchase Credit Earned for each calendar year no later than the last day of the sixth month following the calendar year in which the Manufacturer's Purchase Credit is earned. The Annual Report of Manufacturer's Purchase Credit Earned shall be filed on forms prescribed or approved by the Department and shall state, for each month of the calendar year:
    - A) The total purchase price of all purchases of exempt manufacturing machinery and equipment or graphic arts machinery and equipment on which the credit was earned;
    - B) The total State Use Tax or Service Use Tax ~~thatwhich~~ would have been due on those items;
    - C) The percentage used to calculate the amount of credit earned;
    - D) The amount of credit earned; and
    - E) Such other information as the Department may reasonably require. (See Section 3-85 of the Use Tax Act.)
  - 2) A purchaser earning Manufacturer's Purchase Credit must maintain records, as to each purchase of manufacturing machinery and equipment

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and graphic arts machinery and equipment on which the purchaser earned Manufacturer's Purchase Credit, that identify the following:

- A) The vendor or supplier (including, if applicable, either the vendor's or supplier's Illinois registration number or Federal Employer Identification Number);
  - B) The date of purchase, purchase price, and description of the exempt manufacturing machinery and equipment and graphic arts machinery and equipment; and
  - C) The amount of Manufacturer's Purchase Credit earned on that purchase.
- 3) In order to validate credit used to satisfy the tax liability on purchases of production related tangible personal property, the manufacturer or graphic arts producer must report credit used to the Department by signing and filing an Annual Report of Manufacturer's Purchase Credit Used for each calendar year no later than the last day of the sixth month following the calendar year in which the Manufacturer's Purchase Credit is used. The Annual Report of Manufacturer's Purchase Credit Used shall be filed on forms prescribed or approved by the Department and shall state, for each month of the calendar year:
- A) The total purchase price of all production related tangible personal property purchased from Illinois vendors or suppliers;
  - B) The total purchase price of all production related tangible personal property purchased from out-of-State vendors or suppliers;
  - C) The total amount of Manufacturer's Purchase Credit used during each month; and
  - D) Such other information as the Department may reasonably require. (See Section 3-85 of the Use Tax Act.)
- 4) A purchaser using Manufacturer's Purchase Credit must maintain records, as to each purchase of production related tangible personal property on which the purchaser used Manufacturer's Purchase Credit to satisfy the

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purchaser's Use Tax or Service Use Tax liability, that identify the following:

- A) The vendor or supplier (including, if applicable, either the vendor's or supplier's Illinois registration number or Federal Employer Identification Number);
  - B) The date of purchase, purchase price, and description of the production related tangible personal property; and
  - C) The amount of Manufacturer's Purchase Credit used to satisfy the purchaser's Use Tax or Service Use Tax liability on that purchase.
- 5) *No Annual Report of Manufacturer's Purchase Credit Earned or Annual Report of Manufacturer's Purchase Credit Used may be filed with the Department before May 1, 1996. (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act)*
- 6) A purchaser that fails to properly file an Annual Report of Manufacturer's Purchase Credit Earned or an Annual Report of Manufacturer's Purchase Credit Used with the Department by the last day of the sixth month following the end of the calendar year forfeits all Manufacturer's Purchase Credit earned or used for that calendar year, unless the purchaser establishes that the purchaser's failure to file was due to reasonable cause. The reasonable cause provisions of this subsection (e)(6) do not apply after June 30, 2004 for any annual report that is required to be filed on or before June 30, 2004.
- 7) Annual Manufacturer's Purchase Credit reports may be amended to report and claim credit on qualifying purchases of manufacturing machinery and equipment and graphic arts machinery and equipment not previously reported at any time before the credit would have expired, unless both the Department and the purchaser have agreed to an extension of the statute of limitations for the issuance of a Notice of Tax Liability as provided in Section 4 of the Retailers' Occupation Tax Act. However, such an agreed extension will not restore a credit that has previously been reported and has expired prior to the agreed extension. Manufacturer's Purchase Credit that had not been previously reported and is included in an amended Annual Report submitted as a result of such an agreed extension will

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expire as provided in subsection (b)(8) of this Section or at the end of the agreed extension period, whichever is longer. If the time for assessment or refund has been extended by agreement, amended reports for a calendar year may be filed at any time prior to the date to which the statute of limitations for the calendar year or portion thereof has been extended. *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003, and no Annual Report of Manufacturer's Purchase Credit Earned or Annual Report of Manufacturer's Purchase Credit Used that is required to be filed on or before June 30, 2004 may be filed with the Department after June 30, 2004 even if the time for assessment or refund has been extended by agreement.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) Notwithstanding any other provision of this Section, the credit earned on or after September 1, 2004 cannot be used on a purchase of production related tangible personal property made after August 31, 2009, and no original Annual Report of Manufacturer's Purchase Credit Earned or original Annual Report of Manufacturer's Purchase Credit Used may be filed with the Department after June 30, 2010. Manufacturer's Purchase Credit claimed on an amended report may be used to satisfy tax liability under the Use Tax Act or the Service Use Tax Act on:

- A) Qualifying purchases of production related tangible personal property made after the date the amended report is filed;
- B) Amounts assessed by the Department on purchases made on or after January 1, 1995 of machinery and equipment that did not qualify for the exemption described in Section 130.330 of this Part, but would have qualified as production related tangible personal property. The credit will be applied to the tax portion of the assessment liability as of the date that the Department receives a written request by the purchaser directing the Department to apply the credit to the assessment liability; or
- C) Amounts assessed by the Department on purchases made on or after July 1, 1996 of machinery and equipment that did not qualify for the exemption described in Section 130.325 of this Part, but would have qualified as production related tangible personal property. The credit will be applied to the tax portion of the



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assessment liability as of the date that the Department receives a written request by the purchaser directing the Department to apply the credit to the assessment liability.

- 8) A purchaser who used Manufacturer's Purchase Credit to satisfy the purchaser's Use Tax or Service Use Tax liability incurred on the purchase of property that is later determined not to qualify as production related tangible personal property may be liable for tax, penalty, and interest on the purchase of that property as of the date of the purchase. However, the purchaser is entitled to use ~~the such~~ disallowed Manufacturer's Purchase Credit, so long as it has not expired, on qualifying purchases of production related tangible personal property not previously subject to credit usage.
  - 9) *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003, including to satisfy an audit liability.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) Notwithstanding any other provision of this Section, the credit earned on or after September 1, 2004 cannot be used on a purchase of production related tangible personal property made after August 31, 2009, and no original Annual Report of Manufacturer's Purchase Credit Earned or original Annual Report of Manufacturer's Purchase Credit Used may be filed with the Department after June 30, 2010.
- f) Retailers or Servicemen Accepting Manufacturer's Purchase Credit
- 1) In order to accept Manufacturer's Purchase Credit from a manufacturer or graphic arts producer, the supplier or serviceman must obtain a Manufacturer's Purchase Credit certificate from the manufacturer or graphic arts producer unless the manufacturer or graphic arts producer has incorporated its certification into the manufacturer's or graphic arts producer's purchase order as described in this Section below. The manufacturer or graphic arts producer may provide the certification on a form provided by the Department or on the manufacturer's or graphic arts producer's own form containing the appropriate information. The certificate must be kept in the supplier's or serviceman's books and records, but need not be submitted to the Department with the supplier's or serviceman's return. A Manufacturer's Purchase Credit certificate must contain the following information:

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- A) A signed statement that the manufacturer or graphic arts producer is using available accumulated Manufacturer's Purchase Credit to satisfy all or part of the 6.25% portion of Use Tax or Service Use Tax liability incurred on a qualifying purchase of production related tangible personal property;
  - B) The manufacturer's or graphic arts producer's name and address;
  - C) The manufacturer's or graphic arts producer's registration number, if registered;
  - D) The date of purchase of the production related tangible personal property; and
  - E) The credit being used. (See Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act.)
- 2) A manufacturer or graphic arts producer may incorporate the Manufacturer's Purchase Credit certification into the manufacturer's or graphic arts producer's purchase order if all of the required information is contained within that purchase order.
- 3) Manufacturer's Purchase Credit accepted by the supplier or serviceman may be used by the supplier or serviceman to pay its liability incurred under the Retailers' Occupation Tax Act or Service Occupation Tax Act, so long as the supplier or serviceman complies with the following:
- A) The supplier or serviceman may not accept credit in excess of 6.25% of the purchase price of qualifying production related tangible personal property. (See Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act.)
  - B) The supplier or serviceman must properly report the credit to the Department in order to use the credit to pay Retailers' Occupation Tax or Service Occupation Tax liability. The Manufacturer's Purchase Credit (MPC) does not create an exemption or an authorized deduction. The MPC is a means for the supplier or serviceman to pay Retailers' Occupation Tax or Service

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Occupation Tax, as the case may be. Therefore, the receipts from transactions in which customers have provided MPC cannot be deducted from the gross receipts reported on the Sales and Use Tax Return (Form ST-1). Receipts from transactions in which customers have provided MPC must be included in gross receipts subject to tax reported on line 1 and line 3 of the return. The resulting tax on those gross receipts can then be paid by using the credit on line 16a of the return.

- 4) *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003. Manufacturer's Purchase Credit reported on any original or amended return filed after October 20, 2003 and before October 1, 2004 will be disallowed. Beginning on September 1, 2004, retailers and servicemen may accept MPC certifications for qualifying purchases made on and after September 1, 2004 [through August 31, 2009](#). (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act)*

g) Lessors Earning and Using Manufacturer's Purchase Credit

- 1) A lessor leasing exempt manufacturing machinery and equipment to a manufacturer or graphic arts machinery and equipment to a graphic arts producer may earn Manufacturer's Purchase Credit when purchasing [thesueh](#) machinery and equipment, in the same manner as a manufacturer or graphic arts producer.
- 2) A lessor leasing qualifying production related tangible personal property to a manufacturer or graphic arts producer may use Manufacturer's Purchase Credit when purchasing [thesueh](#) qualifying property in the same manner as a manufacturer or graphic arts producer. (See Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act.)
- 3) A lessor of exempt machinery and equipment and qualifying production related tangible personal property must report the accumulation and use of credit in the same manner as required for manufacturers or graphic arts producers.
- 4) Since the Manufacturer's Purchase Credit is a non-transferable credit, a lessor may not use credit earned by a lessee, nor may a lessor transfer

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credit it has earned to a lessee.

- 5) *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) [Notwithstanding any other provisions of this Section, the credit earned on or after September 1, 2004 cannot be used on a purchase of production related tangible personal property made after August 31, 2009.](#)
- h) Retailers or Servicemen Accepting Manufacturer's Purchase Credit After Qualifying Purchases
  - 1) A manufacturer or graphic arts producer that does not provide the certification or purchase order as provided in subsection (f) of this Section to a retailer or serviceman at the time of purchase of production related tangible personal property must pay the appropriate amount of Use Tax or Service Use Tax at that time to the retailer or serviceman. However, retailers and servicemen are not prohibited from accepting Manufacturer's Purchase Credit (MPC) certifications after qualifying sales of production related tangible personal property have taken place. Retailers and servicemen are not required to accept the certifications and are not required to refund the amount of Use Tax or Service Use Tax that was properly paid by the manufacturers or graphic arts producers in exchange for the certificates after the sales have taken place. *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003.* [Notwithstanding any other provision of this Section, the credit earned on or after September 1, 2004 cannot be used on a purchase of production related tangible personal property made after August 31, 2009.](#) *Retailers and servicemen cannot accept MPC certifications for any purchase, including certifications for prior qualifying sales, after September 30, 2003 through August 31, 2004. Beginning on September 1, 2004, retailers and servicemen may accept MPC certifications for qualifying purchases made on and after September 1, 2004 through August 31, 2009.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act)
  - 2) Retailers and servicemen that choose to accept MPC certifications from manufacturers and graphic arts producers after qualifying sales of production related tangible personal property have taken place and refund

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the amount of Use Tax or Service Use Tax that was properly paid by those manufacturers or graphic arts producers must file amended returns or claims for credit or refund as provided in Section 130.1501 of this Part. However, to avoid the potential of retailers and servicemen filing multiple amended returns and claims for credit or refund, retailers and servicemen may elect to report the acceptance of that MPC on line 16a of the retailers' and servicemen's sales and use tax returns for the period in which those refunds occurred. The retailer's or serviceman's election to report the acceptance of the credit on their current return, in lieu of filing an amended return and claim for credit or refund, does not supersede the applicability of the statute of limitations described in Section 130.1501(a)(4) of this Part to the claiming of that credit by the retailer or serviceman. Retailers and servicemen may only refund the 6.25% of State Use Tax or Service Use Tax paid by the manufacturers and graphic arts producers. (See subsection (b) of this Section.) *Manufacturer's Purchase Credit reported on any original or amended return filed after October 20, 2003 through August 31, 2004 will be disallowed. Beginning on September 1, 2004, retailers and servicemen may accept MPC certifications for qualifying purchases made on and after September 1, 2004 [through August 31, 2009](#).* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act)

- 3) Manufacturers and graphic arts producers who provide MPC certifications to retailers or servicemen after qualifying sales of production related tangible personal property have taken place as provided in this subsection (h) must report the use of the credit on an Annual Report of Manufacturer's Purchase Credit Used for the calendar year in which the certification was provided listing the use of the credit in the month in which the certification is provided. *No Annual Report of Manufacturer's Purchase Credit Used may be filed with the Department after June 30, 2004 through December 31, 2004.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) [No original Annual Report of Manufacturer's Purchase Credit Used may be filed with the Department after June 30, 2010.](#)
- 4) Example: A manufacturer purchased production related tangible personal property from a retailer in June 1999. The manufacturer paid Use Tax to the retailer at the time of purchase. In January 2001, the manufacturer asks the retailer to accept an MPC certification for the June 1999 purchase

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and refund the Use Tax (6.25%) paid previously by the manufacturer. The retailer chooses to accept the certification and refunds the amount of the Use Tax (6.25%) to the manufacturer. The retailer makes the election to report the acceptance of the credit on line 16a of the retailer's January 2001 sales and use tax return (rather than filing an amended return or claim for credit or refund). The manufacturer must report the use of the credit in the month of January on an Annual Report of Manufacturer's Purchase Credit Used for the year 2001.

- i) Manufacturers or Graphic Arts Producers Reporting Use of Manufacturer's Purchase Credit After Qualifying Purchases When Use Tax or Service Use Tax Was Already Paid Directly to the Department
  - 1) Manufacturers and graphic arts producers who self-assess Use Tax or Service Use Tax directly to the Department are not prohibited from reporting the use of Manufacturer's Purchase Credit (MPC) after the qualifying purchase of production related tangible personal property when those manufacturers or graphic arts producers have already paid the appropriate amount of Use Tax or Service Use Tax directly to the Department. *Notwithstanding any other provision of this Section, the credit earned prior to July 1, 2003 cannot be used after September 30, 2003.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) Notwithstanding any other provision of this Section, the credit earned on or after September 1, 2004 cannot be used on a purchase of production related tangible personal property made after August 31, 2009.
  - 2) Manufacturers and graphic arts producers who choose to use MPC as provided in this subsection (i) must file an amended return or claim for credit or refund with the Department as provided in Section 130.1501 of this Part. However, to avoid the potential of manufacturers and graphic arts producers filing multiple amended returns and claims for credit or refund, manufacturers and graphic arts producers may elect to report the use of that credit on line 16a of their current sales and use tax returns. The manufacturer's or graphic arts producer's election to report the acceptance of the credit on the current return, in lieu of filing an amended return and claim for credit or refund, does not supersede the applicability of the statute of limitations described in Section 130.1501(a)(4) of this Part to the claiming of that credit by the manufacturer or graphic arts producer.

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*Manufacturer's Purchase Credit reported on any original or amended return filed after October 20, 2003 through August 31, 2004 will be disallowed. (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act)*

- 3) Manufacturers and graphic arts producers who report the use of MPC on their current sales and use tax return as provided in this subsection (i) must also report the use of the credit on an Annual Report of Manufacturer's Purchase Credit Used for the calendar year in which the manufacturer's or graphic arts producer's current sales and use tax return falls. *No Annual Report of Manufacturer's Purchase Credit Used may be filed with the Department after June 30, 2004 through December 31, 2004.* (Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act) [No original Annual Report of Manufacturer's Purchase Credit Used may be filed with the Department after June 30, 2010.](#)
- 4) Example: A manufacturer, that self assesses Use Tax and Service Use Tax directly to the Department, made a qualifying purchase of production related tangible personal property in August 1999 and paid the Use Tax on that purchase to the Department with the manufacturer's August 1999 return. In January 2001, the manufacturer chose to use currently available MPC to satisfy the Use Tax liability that was incurred on that qualifying purchase back in August 1999. The manufacturer elected to report the use of the MPC on line 16a of the manufacturer's sales and use tax return for the month of January 2001 (rather than filing an amended return or claim for credit or refund). The manufacturer must also report the use of that credit in the month of January on an Annual Report of Manufacturer's Purchase Credit Used for the year 2001.

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

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- 1) Heading of the Part: Program Accounting Manual
- 2) Code Citation: 23 Ill. Adm. Code 110
- 3) 

<u>Section Numbers:</u>	<u>Proposed Action:</u>
110.10	Repeal
110.20	Repeal
110.25	Repeal
110.30	Repeal
110.40	Repeal
110.50	Repeal
110.60	Repeal
110.70	Repeal
110.80	Repeal
110.90	Repeal
110.100	Repeal
110.110	Repeal
110.115	Repeal
110.120	Repeal
110.125	Repeal
110.135	Repeal
110.TABLE A	Repeal
110.TABLE B	Repeal
110.TABLE C	Repeal
110.TABLE D	Repeal
- 4) Statutory Authority: 105 ILCS 5/2-3.17a, 2-3.27, 2-3.28, and 34-43.1
- 5) A Complete Description of the Subjects and Issues Involved: Rulemaking was conducted in 2007 to establish a new set of rules covering the chart of accounts for school districts and all the other related issues previously addressed in Part 110. The effectiveness of that new set, Part 100, begins with Fiscal Year 2009. Now that FY 2009 has been reached, the material in Part 110 is no longer needed, and the Part can be repealed in its entirety.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No



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- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not create or enlarge a State mandate.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days after the publication of this Notice to:

Sally Vogl  
Agency Rules Coordinator  
Illinois State Board of Education  
100 North First Street (S-493)  
Springfield, Illinois 62777

217/782-5270

Comments may also be submitted via e-mail, addressed to:

rules@isbe.net

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
- B) Reporting, bookkeeping or other procedures required for compliance: None
- C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: July 2008

The full text of the Proposed Repealer begins on the next page:

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

## PART 110

PROGRAM ACCOUNTING MANUAL [\(REPEALED\)](#)

## Section

110.10	Use of this Manual
110.20	Fund Accounting
110.25	Transfer of Interest to Other Funds
110.30	Balance Sheet Accounting
110.40	Revenue Accounting
110.50	Expenditure Accounting
110.60	Criteria for Cost Identification
110.70	Account Classification Summary
110.80	Transaction Codes
110.90	State Reporting Requirements
110.100	Budgeting
110.110	Audit Requirements
110.115	Regional Offices of Education
110.120	Supplies and Equipment
110.125	Revolving/Imprest Fund
110.135	Petty Cash Fund
110.TABLE A	Explanation of Funds
110.TABLE B	Definitions of Balance Sheet Accounts
110.TABLE C	Definitions of Revenue Classifications
110.TABLE D	Definitions of Expenditure Dimensions

AUTHORITY: Implementing and authorized by Sections 2-3.17a, 2-3.27, 2-3.28 and 34-43.1 of the School Code [105 ILCS 5/2-3.17a, 2-3.27, 2-3.28, and 34-43.1].

SOURCE: Adopted at 10 Ill. Reg. 20508, effective December 2, 1986; amended at 13 Ill. Reg. 7610, effective May 4, 1989; amended at 14 Ill. Reg. 20608, effective December 14, 1990; amended at 18 Ill. Reg. 5178, effective March 22, 1994; amended at 18 Ill. Reg. 17443, effective November 28, 1994; amended at 31 Ill. Reg. 14959, effective October 19, 2007; repealed at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

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**Section 110.10 Use of this Manual**

- a) Each school district, cooperative/joint agreement, educational service center, or vocational education regional delivery system organized under a cooperative agreement (hereinafter referred to as local education agency or LEA) must develop a chart of accounts based on the dimensions and categories presented in this Manual.
- b) Account numbers shall be used as listed in this Manual; LEA's shall not change the description for a printed number. However, the LEA can assign any number not listed, if the new description is within the proper category.
- c) The provisions of this Part shall have no further effect beginning with Fiscal Year 2009. See 23 Ill. Adm. Code 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing).

**Section 110.20 Fund Accounting**

- a) Financial administration requires that each transaction be identified for administrative and accounting purposes. The first identification is by "fund" which is an independent fiscal and accounting entity, requiring its own set of self-balancing accounts, and created in accordance with special regulations, restrictions, and limitations that earmark each fund for a specific activity or for attaining certain objectives (see Table A). Each fund must be accounted for so that the identity of its resources and obligations and its revenues and expenditures is continually maintained.
- b) The number of funds to be maintained by a particular LEA depends on the nature of its operations rather than on the size of the LEA. Whenever a tax levy is authorized for a given purpose, proper legal accountability for the revenues and expenditures is required. This results in a minimum of two funds for every operating school district in Illinois: an Educational Fund and an Operations and Maintenance Fund.
- c) If the LEA filed a levy for municipal retirement and filed a levy for social security and Medicare only purposes, then the LEA must maintain a Municipal Retirement/ Social Security Fund.
- d) If taxes are levied to retire bond principal and to pay bond interest, and/or service

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charges thereon, then the LEA must maintain a Bond and Interest Fund for each outstanding bond issue.

- e) If pupils are transported at LEA expense either to and from school or for other purposes, a Transportation Fund must be maintained.
- f) If bonds are sold to finance construction (other than Fire Prevention and Safety), a Site and Construction and Capital Improvements Fund must be maintained to account for the bond proceeds of each bond issue (other than Fire Prevention and Safety).
- g) If bonds are sold for a Working Cash Fund, a separate fund must be created. This fund would also be created by the filing of a working cash tax levy.
- h) If buildings are rented from the Capital Development Board, a Rent Fund must be maintained.
- i) If taxes are levied for an approved capital improvements project (as described in the resolution and on the ballot), then revenues/expenditures must be identified separately within the Site and Construction and Capital Improvements Fund.
- j) If taxes are levied on bonds sold for an approved Fire Prevention and Safety project, then the LEA must identify each project/amendment separately within the Fire Prevention and Safety Fund.
- k) In addition to the funds, there are two self-balancing groups of accounts for maintaining accounting records of capital assets and long-term liabilities. The General Fixed Assets Account Group records all tangible fixed assets of the LEA including land, buildings, machinery, equipment, furniture and fixtures, regardless of which fund provided the cash at the time of purchase. The General Long-Term Debt Account Group records all outstanding bonds of the LEA and other long-term debt.
- l) To designate the nine funds and two groups of accounts by symbol rather than using the full descriptions, this standardized numerical designation will be used as the code for this dimension.
  - 1) 10 for Educational Fund

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- 2) 20 for Operations and Maintenance Fund
  - 3) 30 for Bond and Interest Fund
  - 4) 40 for Transportation Fund
  - 5) 50 for Municipal Retirement/Social Security Fund
  - 6) 60 for Site and Construction and Capital Improvements Fund
  - 7) 70 for Working Cash Fund
  - 8) 80 for Rent Fund
  - 9) 90 for Fire Prevention and Safety Fund
  - 10) 98 for General Fixed Assets Account Group
  - 11) 99 for General Long-Term Debt Account Group
- m) LEA's shall use funds appropriate to the legal requirements of their operations and code such funds in the fund dimension. For example, if fund 50 is not used because it is unnecessary to maintain a Municipal Retirement/Social Security Fund, Code 50 cannot be used to designate the Site and Construction and Capital Improvements Fund since 60 has already been (for the purpose of this dimension) assigned as the standard code for the Site and Construction and Capital Improvements Fund.

**Section 110.25 Transfer of Interest to Other Funds**

*Interest earned from the various funds may be transferred to other funds which are determined to be in need of the interest income unless otherwise restricted by board resolution. However, pursuant to Section 10-22.44 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 10-22.44) [105 ILCS 5/10-22.44], interest earned on funds for the purposes of Illinois Municipal Retirement under the Pension Code; tort immunity under the Local Governmental and Governmental Employees Tort Immunity Act; fire prevention and safety; environmental and energy; and capital improvements may not be transferred. Interest earned on the Working Cash Fund may be transferred to any fund of the district (Section 20-5 of the School Code; Ill. Rev. Stat. 1991, ch. 122, par. 20-5; 105 ILCS 5/20-5).*

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**Section 110.30 Balance Sheet Accounting**

There are three major groups of balance sheet accounts: assets, liabilities, and fund balance. All transactions must be recorded in the general ledger either individually or in summary form. Even though a majority will be recorded in more than one ledger, there are some which will be recorded in only the general ledger. This type of transaction requires a descriptor indicating the fund and the specific accounts to be affected.

**Section 110.40 Revenue Accounting**

- a) Transactions to be recorded in the revenue ledger are those that represent the receipt of cash without creating a liability or without canceling an asset. For example, tax collections are revenues, but cash received from the sale of tax anticipation warrants is not a revenue since a concurrent obligation is incurred to repay at a later date. Revenues act to increase the fund balance, i.e., the equity of the fund. If the LEA is on a cash basis, revenues are recorded only when actually received. If the LEA is on a modified accrual basis, revenues are recorded when earned.
- b) School system revenues are derived from these sources: local, state, federal, and flow-through.
  - 1) Revenue from local sources is the amount of money earned within the boundaries of the LEA and available for its use (1000 Revenue).
  - 2) Revenue from state sources is revenue from funds collected by the state and distributed to LEA's (3000 Revenue).
  - 3) Revenue from federal sources is revenue from funds collected by the federal government and distributed to LEA's. It is unimportant whether the funds are distributed directly to the LEA system by the federal government or through some intervening agency such as the state (4000 Revenue).
  - 4) Flow-through revenue is money received from another LEA. This revenue represents funds for specific grant-related purposes (2000 Revenue).

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- c) Revenue transactions must be described and coded as to the specific sources from which they are derived or to which they are attributable.

**Section 110.50 Expenditure Accounting**

- a) Transactions recorded in the appropriation, expenditure, and encumbrance ledger are commonly referred to as expenditure transactions and represent the payment of cash or the establishment of an obligation (encumbrance) without creating an asset or without canceling a liability. For example, payment of a teacher's salary is an expenditure, but cash disbursed to purchase a United States Treasury Bill is not an expenditure (balance sheet only type) since a concurrent right is created to receive cash at a later date.
- b) There are eleven classification groups (referred to as dimensions) which may be used to describe expenditure transactions. Each dimension is composed of mutually exclusive items or categories of information. An LEA must use the dimensions applicable to its operations to establish a chart of accounts for use in maintaining accounting records and generating management reports. Presented below are the dimensions followed by a brief discussion of each. It should be noted that certain dimensions might be combined into a single account number when an LEA develops its chart of accounts.
- c) Eleven Classifications Listed and Discussed
  - 1) "Fiscal Year" Fiscal year denotes a twelve-month period of time to which the annual budget applies and at the end of which an LEA determines its financial position and the results of its operations. In some instances, funds are appropriated for a program or activity which may extend into another fiscal period which creates a need for identifying money by fiscal year or, in some cases, by project year (for federal programs). For example, if teachers are employed on a nine-month basis but are paid in twelve equal installments, including one in July and one in August of the following fiscal year, the payroll for these staff members should carry a fiscal year code of the previous fiscal year rather than the one in which they were paid.
  - 2) "Fund" This dimension is discussed in Table A of this Part.
  - 3) "Source of Funds" This dimension is used to relate expenditure

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transactions to the source of categorical funding. It provides the capability of exercising budgetary control and the preparation of special reports. This dimension is not applicable to those transactions which cannot be related to a specific source of funding.

- 4) "Instructional Organization" The general types of schools or other organizational entities providing instruction are included in this dimension. Examples of instructional organization would include Elementary, Middle/Junior High School, and High School.
- 5) "Operational Unit" The term is used to denote the location of education activities for organizational purposes. It is the site of a physical plant which houses an organizational unit. These units correspond to individual schools, in most cases, and can be used to designate school cost centers. In other words, budgets and expenditures may be made for each school or operational unit. Such units are locations of specific schools, of transportation, of administration, of warehouses, etc.
- 6) "Function" Function means the action or purpose for which a person or thing is used or exists. Function includes the activities or actions which are performed to accomplish the objectives of the enterprise. The activities of an LEA are classified into six broad areas: Instruction, Supporting Services, Community Services, Nonprogrammed Charges, Debt Services, and Provision for Contingencies. Functions and subfunctions consist of activities which have somewhat the same general operational objectives. Furthermore, categories of activities comprising each of these divisions and subdivisions are grouped according to the principle that the activities should be combinable, comparable, relatable and mutually exclusive.
- 7) "Object" This dimension is used to describe the service or commodity obtained as a result of a specific expenditure. The object categories are Salaries, Employee Benefits, Purchased Services, Supplies and Materials, Capital Outlay, Other, Transfers, and Tuition. These eight broad categories are further subdivided into subobjects for more detail about the service or commodity acquired.
- 8) "Job Classification Activity" Activity assignment refers to a description of the activities assigned to a staff member. This is a dimension used for relating financial information to the various staff assignments so as to



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interrelate staff activities to a program and its cost.

- 9) "Term" Term is a division of the school year (the 12-month period of time denoting the beginning and ending dates for school accounting purposes) which may be divided into regular and summer terms, semesters, trimesters, or quarters.
- 10) "Subject Matter Area" This dimension describes a grouping of related subjects or units of subject matter under a heading such as English or Agriculture.
- 11) "Program" Program may be defined as a group of interdependent, closely-related services and/or activities progressing toward or contributing to a common objective or set of allied objectives. The program dimension provides the LEA the framework to classify expenditures by program to determine cost. As an example, to gather instructional program information, only direct costs are classified to the instructional function (classroom instructional costs only), and any other costs are classified as support services. For example, special education transportation costs are classified to a support service function (Transportation) even though these costs relate to the special education program. The program dimension allows agencies to charge program costs, instructional and support, directly to the benefiting program. Use of this dimension allows an LEA to classify support services to both programs and functions.

**Section 110.60 Criteria for Cost Identification**

There are certain criteria to be followed in relating costs to programs and functional activities.

- a) Costs easily identified with an activity, program, or function are considered Direct Expenses (costs). Costs not readily identifiable with any specific area are considered Indirect Expenses.
- b) All activities associated with teacher/pupil interactions are considered to be "Instruction" and are Direct Services; of "Instruction."
- c) Each function is a separate center for accumulating direct costs, and various objects of expenditures are made for each function. Example: an expenditure for the object "Salaries" might be applicable to various functional activities such as

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"Instruction" or "General Administration".

**Section 110.70 Account Classification Summary**

Table A explains the various funds that shall be used as appropriate by LEA's. The balance sheet accounts are presented in Table B. Table C presents the classifications and codes to be used for revenue transactions. Included in Table D are the dimensions and categories to be used for expenditure transactions.

**Section 110.80 Transaction Codes**

- a) Transaction codes (i.e., computer access codes) indicate the type of transaction involved.
- b) The following examples are codes that could be used for this purpose:

Code	Transaction Type
1	Balance Sheet (Table B)
2	Revenue (Table C)
3	Expenditure (Table D)

**Section 110.90 State Reporting Requirements**

All school districts, cooperatives/joint agreements, educational service centers and vocational education regional delivery systems are required to use the program accounting system pursuant to Sections 17-1 and 34-43.1 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 17-1 and 34-43.1) [105 ILCS 5/17-1 and 34-43.1]. Budget forms and annual financial report forms provided by the State Board of Education are both to be completed annually by all school districts, cooperatives/joint agreements, educational service centers, and vocational education regional systems. These forms are in the required program accounting format, using information in Tables A through D. These forms reflect the minimum state reporting requirements (for expenditures: one digit for fund, four digits for function and one digit for object). The forms are set up in such a manner as to indicate where transactions occur.

**Section 110.100 Budgeting**

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- a) School District Budget
  - 1) A budget must be adopted even when no levy is made.
  - 2) The school board, at a meeting held at some convenient time following a hearing, must vote on the budget as originally drafted or as revised after the hearing.
  - 3) Adoption of the budget shall be by roll call vote, and the approved budget shall be incorporated in the minutes of the board of education.
- b) Section 17-1 of the School Code requires that a joint agreement shall adopt an annual budget by September 1 of each fiscal year.

**Section 110.110 Audit Requirements**

- a) School Districts not subject to Article 34
  - 1) Section 3-15.1 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 3-15.1) [105 ILCS 5/3-15.1] requires that each school district and the administrator of a joint agreement *shall cause an annual financial statement to be submitted on forms prescribed by the State Board of Education exhibiting the financial condition of the program established by the school district or pursuant to the joint agreement, for the fiscal year ending on the immediately preceding June 30.* Each educational service center shall also submit an annual financial statement meeting the requirements of Section 3-15.1 of the School Code and exhibiting the financial condition of the center for the fiscal year ending on the immediately preceding August 31.
  - 2) The original and one copy of the annual financial report from school districts or governing boards that administer joint agreements shall be submitted to the Superintendent of the Educational Service Region on or before October 15, who shall send the original to the State Board of Education on or before November 15 annually. (A joint agreement is an agreement between or among two or more school districts to provide educational services jointly that such districts are authorized to provide individually.) Educational Service Centers shall send the original and one copy of the annual financial report to the State Board of Education by

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December 15 annually.

- 3) The report shall be prepared by an independent Certified Public Accountant, whose opinion and notes are to be inserted therein.
- 4) An auditor shall not be considered to be independent if the auditor or any member of the auditor's immediate family is a township or school treasurer or employee thereof, a member or employee of the board of education, or of the regional superintendent, or of the governing board that is responsible for the administration of the LEA that is being audited. (This includes LEA employees who serve in a nonadministrative capacity such as bookkeepers, treasurers, and custodians of funds.)
- 5) The auditor must state that the audit was performed in accordance with generally accepted governmental auditing standards. Generally accepted governmental auditing standards means the Government Auditing Standards: Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1988 Revision) published by the Comptroller General of the United States. No later amendments to these standards are incorporated by this rule. If a qualified opinion is rendered, reasons for the qualifications are to be attached and explained in detail.
- 6) The Annual Financial Report form provided by the State Board of Education is designed to be used by both cash and modified accrual basis LEA's. Certain accounts provided for in the form are to be used only for modified accrual basis reporting systems. These accounts are clearly identified in order to avoid confusion. It is, however, necessary to indicate on the form the basis of accounting being used.
- 7) If a line is not provided on the above report to accommodate special data, do not insert the data or add a line. The data processing system used to process these forms is not programmed to accept such additions. Use "Other" accounts provided and attach supporting schedules which fully explain items reported under "Other." Reports with lines added are unacceptable.
- 8) If an LEA fails to file an annual financial report with the Superintendent of the Educational Service Region on or before October 15, or within the time extended, the Superintendent of the Educational Service Region has

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the responsibility of causing such an audit to be made and billing the LEA for the audit (Section 3-7 of the School Code; Ill. Rev. Stat. 1991, ch. 122, par. 3-7; 105 ILCS 5/3-7).

- 9) Failure of the State Board of Education to detect any deficiency in the report, or to call a deficiency to the attention of the LEA shall not in any way relieve the LEA and the independent auditor of their responsibility for such deficiency under Sections 3-7 and 3-15.1 of the School Code and this Part.
  - 10) Failure to file an annual financial report could result in a loss of state monies to a LEA. The Superintendent of the Educational Service Region is authorized to restrict or deny state funds to LEA's failing to comply with the submission of reports on or before the appointed date (Section 2-3.24 of the School Code; Ill. Rev. Stat. 1991, ch. 122, par. 2-3.24; [105 ILCS 5/2-3.24]).
  - 11) The auditor must sign the opinion letter. The LEA chief administrator, and in Cook County the township treasurer, must sign the annual financial report.
- b) School Districts Subject to Article 34
- 1) Each board of education subject to the provisions of Article 34 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 34-1 et seq.) [105 ILCS 5/34-1 et seq.] *shall file with the State Board of Education the annual financial report and its audit, as required by the rules of the State Board of Education. Such reports shall be filed no later than February 15 following the end of the school year of the Board of Education* (Section 34-43.1 of the School Code).
  - 2) The audit report shall be prepared by an independent Certified Public Accountant, whose opinion and notes are to be inserted therein.
  - 3) An auditor shall not be considered to be independent if the auditor or any member of the auditor's immediate family, as defined by Section 24-6 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 24-6) [105 ILCS 5/24-6], is a township or school treasurer or employee thereof, the city treasurer (ex officio treasurer of the board of education) or an employee thereof, a

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member or employee of a school finance authority created to exercise financial control over the board, a member or employee of the board or of the regional superintendent.

- 4) The auditor shall state that the audit was performed in accordance with generally accepted governmental auditing standards. Generally accepted governmental auditing standards means the Government Auditing Standards: Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1988 Revision) published by the Comptroller General of the United States. No later amendments to these standards are incorporated by this rule. If a qualified opinion is rendered, reasons for the qualifications are to be attached and explained in detail.
- 5) The Annual Financial Report form provided by the State Board of Education is designed to be used by both cash and modified accrual basis LEA's. Certain accounts provided for in the form are to be used only for modified accrual basis reporting systems. These accounts are clearly identified in order to avoid confusion. It is, however, necessary to indicate on the form the basis of accounting being used.
- 6) If a line is not provided on the above report to accommodate special data, do not insert the data or add a line. The data processing system used to process these forms is not programmed to accept such additions. Use "Other" accounts provided and attach supporting schedules which fully explain items reported under "Other." Reports with lines added are unacceptable.
- 7) The auditor shall sign the opinion letter. A school district administrator shall sign the Annual Financial Report.
- 8) As part of the required Annual Financial Report, the board of education shall provide a detailed accounting of the central level, district (subdistrict), department, and bureau costs and personnel included within expenditure functions:
  - A) 2210 Improvement of Instruction Services
  - B) 2310 Board of Education Services

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- C) 2330 Special Area Administrative Services
  - D) 2490 Other Support Services - School Administration
  - E) 2500 Support Services – Business
  - F) 2600 Support Services – Central
- 9) The reporting of these functions shall be as follows:
- A) Part I – Expenditures by Functions. This part of the report shall summarize expenditures for these functions from the Educational and the Operations and Maintenance Funds.
  - B) Part II – Expenditures by Location. This part of the report shall summarize expenditures for the functions shown in Part I by location (central level, subdistrict, department, citywide, and attendance centers).
  - C) Part III – Personnel. This part of the report shall include Administrative, Technical/Support, and Clerical Staff by function and by location. The number of positions and salary amounts shall be reported for each of these categories.
  - D) Special forms shall not be required. Reports, either typewritten or on a computer printout, shall be in the format outlined in subsections (9)(A) through (9)(C) above.

**Section 110.115 Regional Offices of Education**

This Section specifies the rules needed to implement the requirements of Section 2-3.17a, 2-3.62, 3-12, 3A-16, and 3A-17 of the School Code [105 ILCS 5/2-3.17a, 2-3.62, 3-12, 3A-16, and 3A-17].

- a) "Books and records" as used in this Section means all financial statements, fiscal documents, vouchers for distributions, records of cash receipts, records of obligation and expenditure of funds, records of accounts and funds, journals, ledgers and subsidiary records thereof, computer programs and data files integral to records of such funds and accounts as are in the care, custody or control of the

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regional superintendent of schools, and as are required for the purpose of enabling the State Board of Education to perform the audits required by Section 2-3.17a of the School Code and for the review, approval and reporting requirements of Sections 2-3.62, 3-12, 3A-16, and 3A-17 of the School Code. The Regional Office of Education shall maintain records in accordance with this Part as applicable. Financial records shall be maintained on either a cash or accrual basis of accounting. However, supporting information must be maintained to allow preparation of an accrual statement as required in subsection (b) below.

- b) For audit purposes each regional office of education shall make available to the State Board of Education or its agent all books and records during regular business hours on such days in each fiscal year as the State Board of Education or its designated agents shall deem necessary to make and complete the required audits. Such records shall be completed in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order that the annual audit may be done by an independent auditor as selected by the State Board of Education. Annual Financial Statements are to be prepared on an accrual basis of accounting on forms prescribed by the State Board of Education no later than November 15. For reasonable cause, extensions may be granted by the State Board of Education.
- c) Each regional office of education shall make available the books and records necessary to make the required audit by providing to the State Board of Education or its agent full, complete and unrestricted access to such books and records and to such person or persons who may have prepared, reviewed, reported on or otherwise have knowledge of them.
- d) Each regional office of education shall retain all books and records for a period of five years or until each required audit is resolved. This provision shall not be construed to shorten any record retention requirement otherwise applicable to such records.
- e) A presentation of the annual audit will be given to the Regional Office of Education Oversight Board at the next regularly scheduled meeting following completion of the audit.
- f) Fees for conferences, workshops, materials and other costs charged for discretionary activities not required by law or rule are to be determined on a cost-recovery basis. Excess funds resulting from registrations or requests for



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materials/services beyond the anticipated cost-recovery basis shall be deposited in an enterprise fund to be used solely to reduce the cost of similar items or to cover costs incurred due to less-than-anticipated registrations or requests for materials/services.

**Section 110.120 Supplies and Equipment**

Unless otherwise dictated by federal, state, or local law, supply/equipment classification decisions shall be made according to the following criteria.

- a) **Equipment Items**  
An equipment item is any instrument, machine, apparatus, or set of articles which meets all of the following criteria:
  - 1) Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for longer than twelve months;
  - 2) It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance;
  - 3) It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit;
  - 4) It retains its appearance and character through use; and
  - 5) It costs \$500 or more at the time of acquisition. If the original value is not available, estimated market value is used.
- b) **Supply Items**  
An item must be classified as a supply if it does not meet one or more of the equipment criteria listed in subsection (a) above.

**Section 110.125 Revolving/Imprest Fund**

- a) Pursuant to Section 10-20.19 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 10-20.19) [105 ILCS 5/10-20.19], a Revolving (or Imprest) Fund may be established by resolution of the board of education. The resolution shall designate

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a custodian of the fund, state the amount at which the fund shall be established, and establish a policy as to the amounts and types of payments that shall be made from the Revolving (or Imprest) Fund account. The fund shall be maintained in a bank, for the purpose of providing for disbursements for which the district wishes to issue a check but, because of timing or emergencies, cannot pay through the regular disbursement procedure of the district.

- b) The entry to establish a Revolving (or Imprest) Fund is as follows.

DR. #105 – Revolving/Imprest Fund	\$ _____
CR. #101 – Cash	\$ _____

- c) To record creation of an imprest fund to be operated under principles applicable to the imprest system:
- 1) No entries appear in account #105 except to open and close it unless the amount of the fund is increased or decreased.
  - 2) At all times, the total of all checks written since the last reimbursement plus the bank balance for the checking account should equal the amount set aside for the Revolving Fund in Account #105. Account #105 is an asset account of the school district.
- d) Pre-approved documentation such as signed vouchers, completed and approved travel requests, approved purchase requisitions or orders and/or invoices must be provided to the custodian of the fund in order that a check can be issued. Checks written must include the proper district expense account code, or all necessary descriptive information so that an expense account code number can be assigned.
- e) At regular intervals, the Revolving (or Imprest) Fund shall be reimbursed up to the original amount of the fund. The check to reimburse the Revolving Fund must be included on the school district monthly bill list, charging the appropriate district expenditure accounts and indicating the name/explanation for each revolving check that was issued.
- f) Pursuant to Section 10-20.19 of the School Code, the custodian of the Revolving (or Imprest) Fund must be bonded as provided in Article 8 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 8-1 et seq.) [105 ILCS 5/8-1 et seq.].

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**Section 110.135 Petty Cash Fund**

- a) A Petty Cash Fund may be established by resolution of the board of education, stating the amount at which the petty cash account shall be established. A Petty Cash Fund is an imprest fund that sets aside a sum of cash for the purpose of making change or immediate payments of comparatively small amounts. Payments made through petty cash shall be restricted to those cases where amounts involved are so small that processing through the usual procedures would be uneconomical. A person is designated as custodian of the Petty Cash Fund and, based upon a resolution of the board, a check in the amount authorized shall be drawn payable to the designated custodian.
- b) The entry to establish the Petty Cash Fund is as follows:
- |                            |          |
|----------------------------|----------|
| DR. #102 – Petty Cash Fund | \$ _____ |
| CR. #101 – Cash            | \$ _____ |
- c) To record creation of a petty cash account to be operated under principles applicable to the petty cash system:
- 1) No entries appear in Petty Cash Account #102 except to open and close it, unless it is increased or decreased.
  - 2) At all times, the total of the receipts for cash paid out and the remaining cash shall equal the amount set aside for petty cash in Account #102. Account #102 is an asset account of the school district.
- d) The petty cash system requires that a person other than the custodian of the petty cash fund approve a disbursement from the petty cash fund by signature. A petty cash voucher also provides for the signature of the person to whom cash is paid; this signature serves as evidence that payment was received by that person. Each petty cash voucher shall be prenumbered, and each shall be accounted for as having been either used, voided, or unused.
- e) Each completed petty cash voucher form shall include the receipt for the disbursement made, along with the proper expenditure account number, or all necessary descriptive information so that an expense account code number can be assigned. When the larger part of the cash on hand has been disbursed, the custodian shall take the paid petty cash vouchers to the person authorized to

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prepare and issue checks.

- f) Pursuant to Section 10-20.19 of the School Code, the custodian of the Petty Cash Fund shall be covered by a fidelity bond as provided in Article 8 of the School Code.

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**Section 110.TABLE A EXPLANATION OF FUNDS**

"Code"	"Descriptor"
10	<p>"Educational Fund" (See Section 17-2 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 17-2 [105 ILCS 5/17-2]) The greatest variety and the largest volume of transactions shall be recorded here because the Educational Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional, health and attendance services, lunch programs, all costs of administration (even those for buildings and grounds), and related insurance costs. Certain revenues that must be credited to this fund include educational tax levies, tuition and textbook rentals.</p> <p>The salaries of janitors, engineers, and other custodial employees, and all costs of fuel, lights, gas, water, telephone service, and custodial supplies and equipment shall be charged to this fund. The school board may provide, by resolution, to charge to the Operations and Maintenance Fund all salaries of janitors, engineers, or other custodial employees and all costs of fuel, lights, gas, water, telephone service, and custodial supplies and equipment or any one or more of these items. (See Section 17-7 of the School Code; Ill. Rev. Stat. 1991, ch. 122, par. 17-7 [105 ILCS 5/17-7])</p>
20	<p>"Operations and Maintenance Fund" (See Sections 17-2, 17-7 of the School Code) All costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or for the payment of premiums for insurance on school buildings shall be charged to the Operations and Maintenance Fund.</p>
30	<p>"Bond and Interest Fund" (See Section 19-2 et seq. of the School Code; (Ill. Rev. Stat. 1991, ch. 122, par. 19-2 et seq.) [105 ILCS 5/19-2 et seq.]) Bonds are generally issued to finance the construction of buildings and may be issued for other purposes. Taxes are levied to provide cash to retire these bonds and to pay the interest on them. To protect the bondholders, these tax collections must be accounted for in the Bond and Interest Fund. LEA's must maintain a separate bond and interest fund for each bond issue.</p>
40	<p>"Transportation Fund" (See Sections 17-2 and 17-8 of the School Code; Ill. Rev. Stat. 1991, ch. 122, pars. 17-2 and 17-8 [105 ILCS 5/17-2 and 17-8]) If an LEA pays for transporting pupils for any purpose, the Transportation Fund must be created. Costs of transportation, including the purchase of vehicles and insurance on buses,</p>

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are to be paid from this fund. Moneys received for transportation purposes from any source must be deposited into this fund, except for the portion of state reimbursement applicable to other funds (e.g., utility costs from the Operations and Maintenance Fund) as provided in Sec. 29-5 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 29-5) [105 ILCS 5/29-5].

50 "Municipal Retirement/Social Security Fund" (See Ill. Rev. Stat. 1991, ch. 108½, pars. 7-171, 21-110, 21-110.1 [40 ILCS 5/7-171, 21-110, and 21-110.1]) A separate tax is levied for the purpose of providing resources for the LEA's share of retirement benefits for covered employees. A separate tax is levied for the purpose of providing resources for the LEA's share of social security and Medicare only payments for covered employees. If these two taxes are not levied, the payments shall be charged to the fund where the salaries are charged.

60 "Site and Construction and Capital Improvements Fund" All of the proceeds of each construction bond issue (other than Fire Prevention and Safety) shall be placed in a Site and Construction account (within the Site and Construction and Capital Improvements Fund) to separate these special moneys from operating moneys. The special moneys may be spent for the purposes specified in the bond indenture and on the ballot.

Expenditures which would ordinarily be charged to the Education Fund, but which may be charged to the Site and Construction and Capital Improvements Fund (unless paid before the Site and Construction and Capital Improvements Fund is created), include election expenses, fidelity insurance, architect's fees, legal fees for title search on sites, fees for the legal opinion on the bonds, and other such administrative costs directly related to the construction project or issuance of bonds.

Expenditures which would ordinarily be charged to the Operations and Maintenance Fund, but which may be charged to the Site and Construction and Capital Improvements Fund (unless paid before the Site and Construction and Capital Improvements Fund is created), include the actual construction costs, builder's risk insurance, purchase of land and other site costs, landscaping, parking lots, sidewalks, utility connections, etc., and other items directly related to the construction project.

Capital Improvements Fund: (See Section 17-2.3 of the School Code) A Capital Improvements account (within the Site and Construction and Capital Improvements Fund) shall be created when a tax is levied in accordance with Section 17-2 of the School Code. The moneys received from such levy shall be accumulated until spent

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for the capital improvements described in the resolution and on the ballot.

- 70 "Working Cash Fund" (See Section 20-1 et seq. of the School Code; Ill. Rev. Stat. 1991, ch. 122, par. 20-1 et seq. [105 ILCS 5/20-1 et seq.]) If a separate tax is levied for working cash purposes or if bonds are sold for this purpose, this fund shall be created. Cash available in this fund may be loaned to any fund for which taxes are levied. (Such interfund loans are no longer limited to the Educational, Operations and Maintenance, and Transportation Funds.)
- 80 "Rent Fund" (See Section 35-23 of the School Code; Ill. Rev. Stat. 1991, ch. 122, par. 35-23 [105 ILCS 5/35-23]) When a tax is levied to provide revenue for paying rent to the State of Illinois Capital Development Board for a state-owned school building, the receipt of taxes shall be recorded in the Rent Fund. The payment of the rent shall be an expenditure of this fund.
- 90 "Fire Prevention and Safety Fund" (See Section 17-2.11 of the School Code.) A Fire Prevention and Safety Fund shall be created when a tax is levied or bonds issued for fire prevention, safety, energy conservation or school security purposes. The moneys received from the levy or the proceeds of the bond issue may only be used for the purposes stipulated in Section 17-2.11.
- 98 "General Fixed Assets Account Group" Records of physical assets which have a long-term (i.e., more than one year) period of usefulness to an LEA are maintained in a group of accounts separate from the fund which provided the cash for the purchase of those assets. Acquisitions of general fixed assets shall be recorded here at least at the end of the fiscal year by entering the items purchased during the year and charged in the Educational; Operations and Maintenance; Transportation; and Site and Construction and Capital Improvements Funds.
- 99 "General Long-Term Debt Account Group" Records of a school district's total bonded debt are maintained in a group of accounts separate from the Bond and Interest Fund. When bonds are sold and the resolution including future tax levies is filed with the county clerk, this event shall be entered in the General Long-Term Debt Account Group. Other types of general long-term debt are also recorded here.

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**Section 110.TABLE B DEFINITIONS OF BALANCE SHEET ACCOUNTS****"Assets and Other Debits"**

Assets and Other Debits include what is owned and other items not owned as of the date of the balance sheet but expected to become fully owned at some future date as well as other budgeting and offsetting accounts which normally have debit balances.

"Code"	"Descriptor"
100	"Current Assets" Current Assets are cash or anything that can be readily converted into cash.
101	"Cash" Currency, coin, checks, postal and express money orders, and bankers' drafts on hand, or on deposit, with an official or agent designated as custodian of cash and bank deposits.
102	"Petty Cash" A sum of money set aside for the purpose of making change or immediate payments of comparatively small amounts, such as freight bills. No entries appear in this account except to open and close it, unless it is increased or decreased.  Paid invoices shall be held to substantiate expenditures from this account. Periodically, the monies should be replenished to the original amount and charges made to the appropriate expenditure accounts for the amount replenished. At the end of the year, petty cash accounts may be closed and included in Account 101; however, this is not required.
103	"Cash Change Funds" A sum of money set aside for the purpose of providing cash register change.
104	"Cash with Fiscal Agent" Deposits with fiscal agents, such as commercial banks, for the payment of matured bonds and interest.
105	"Imprest Fund" This fund is maintained in a bank and is established to provide for emergency disbursements for which the district wishes to issue a check, but because of the timing cannot pay through the regular disbursement procedure. The same procedure shall be followed for replenishing the account as that used for Petty Cash. The balance of the account may be returned to the district



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treasurer on or before June 30 of each year, but this is not required.

- 110 "Taxes Receivable" The uncollected portion of taxes which a school system or governmental unit has levied, including any interest or penalties which may be accrued. Separate accounts may be maintained on the basis of tax roll year and/or current and delinquent taxes.
- 111 "Estimated Uncollectible Taxes (Credit)" A provision for that portion of taxes receivable which it is estimated will not be collected. The account is shown on the balance sheet as a deduction from the 110 Taxes Receivable account in order to arrive at the net amount of taxes receivable. Separate accounts may be maintained on the basis of tax roll year and/or delinquent taxes.
- 112 "Tax Liens Receivable" Legal claims against property which have been exercised because of non-payment of delinquent taxes, interest, and penalties. The account includes delinquent taxes, interest, and penalties receivable up to the date the lien becomes effective plus the cost of holding the sale.
- 113 "Estimated Uncollectible Tax Liens (Credit)" A provision for that portion of tax liens receivable which it is estimated will not be collected. The account is shown on the balance sheet as a deduction from the 112 Tax Liens Receivable amount in order to arrive at the net amount of tax liens receivable.
- 120 "Accounts Receivable" Amounts owing on an open account from private persons, firms, or corporations for goods and services furnished by a LEA (but not including amounts due from other funds or from other governmental units). Although taxes receivable are covered by this term, they shall be recorded and reported separately in the Taxes Receivable account.
- 121 "Bond Proceeds Receivable" Amounts receivable from the sale of bonds.
- 122 "Loans Receivable" Amounts which have been loaned to persons or organizations, where permitted by statutory authority.
- 130 "Interfund Receivables"
- 131 "Due From Educational Fund" Amounts owed by the Educational Fund to another Fund in the same LEA for goods sold or services rendered, and excluding Interfund Loans.

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- 132 "Due from Operations and Maintenance Fund" Amounts owed by the Operations and Maintenance Fund to another Fund in the same LEA for goods sold or services rendered and excluding Interfund Loans.
- 133 "Due from Transportation Fund" Amounts owed by the Transportation Fund to another Fund in the same LEA for goods sold or services rendered and excluding Interfund Loans.
- 134 "Due from Site and Construction and Capital Improvements Fund" Amounts owed by the Site and Construction and Capital Improvements Fund to another Fund in the same LEA for goods sold or services rendered and excluding Interfund Loans.
- 135 "Due from Fire Prevention and Safety Fund" Amounts owed by the Fire Prevention and Safety Fund to another Fund in the same LEA for goods sold or services rendered and excluding Interfund Loans.
- 140 "Due From Other Governmental Units" Amounts due to the reporting governmental unit from other governmental units. These amounts represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another government. It is recommended that separate accounts be maintained for each receivable.
- 141 "Estimated Uncollectible Claim From Other Governmental Unit (Credit)" A provision for that portion of money due from other governmental units which it is estimated will not be collected. This account is shown on the balance sheet as a deduction from the 140 account (Due From Other Governmental Units) in order to arrive at the net amount if due from other governmental unit.
- 151 "Loan to Educational Fund" An asset account used to record a loan by the Operations and Maintenance Fund; Transportation Fund; or Working Cash Fund to the Educational Fund.
- 152 "Loan to Operations and Maintenance Fund" An asset account used to record a loan by the Educational Fund; Transportation Fund; or Working Cash Fund; to the Operations and Maintenance Fund.

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- 153 "Loan to Transportation Fund" An asset account used to record a loan by the Educational Fund; Operations and Maintenance Fund or Working Cash Fund to the Transportation Fund.
- 154 "Loan to Fire Prevention and Safety Fund" An asset account to record a loan by the Educational Fund, Operations and Maintenance Fund, Transportation Fund, or Working Cash Fund.
- 155 "Loan to Other Funds" An asset account to record a loan by the Working Cash Fund to any Fund for which taxes are levied other than 151-154.
- 162 "Interest Receivable on Investments" Amounts of interest receivable on investments.
- 163 "Accrued Interest on Investments Purchased" Interest accrued on investments between the last interest payment date and date of purchase. The account shall be carried as an asset until the first interest payment date after the date of purchase. At that time an entry shall be made debiting Account 101 – Cash, and crediting Account 163 – Accrued Interest on Investments Purchased for the amount of interest purchased.
- 170 "Inventory" The cost of supplies and equipment on hand not yet distributed to requisitioning units.
- 171 "Inventories for Resale" The value of goods held by an LEA for resale rather than for use in its own operations. The cost of all materials and other expense incurred in the building of vocational projects for sale shall be debited here and reflected as an asset in the Educational Fund. When the project is sold, this account shall be credited for an amount equal to the cost. Any profit or loss on the project shall be charged to the proper revenue or expense account.
- 180 "Investments" Securities and real estate held for the production of income in the form of interest, dividends, rentals, or lease payments. The account does not include fixed assets used in LEA operations. Separate accounts for each category of investments may be maintained.
- 181 "Unamortized Premiums on Investments" The excess of the amount paid for securities over the face value which has not yet been amortized. Use of this account is normally restricted to long-term investments.

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- 182 "Unamortized Discounts on Investments (Credit)" The excess of the face value of securities over the amount paid for them which has not yet been written off. Use of this account is normally restricted to long-term investments.
- 191 "Deposits" Funds deposited by the LEA as a prerequisite to receiving services and/or goods. Deposits differ from prepaid expenses in that deposits are partial payments made prior to receiving services and/or goods, while prepaid expenses are commonly total payment made within one fiscal year for services to be received in one or more fiscal years.
- 192 "Prepaid Expenses/Deferred Charges" Expenses entered in the accounts for benefits not yet received. Prepaid expenses are those that are regularly recurring costs and are spread over a short period of time. Examples of prepaid expenses are prepaid rent, prepaid interest, and unexpired insurance premiums. Deferred charges are those that may not be regularly recurring costs of operation and usually extend over a long period of time. An example of a deferred charge is unamortized discounts on bonds sold.
- 193 "Unamortized Discounts on Bonds Sold" That portion of the excess of the face value of bonds over the amount received from their sale which remains to be written off periodically over the life of the bonds.
- 194 "Other Accrued Revenue" Accrued revenue that is not provided for elsewhere.
- 199 "Other Current Assets" Current assets not provided for elsewhere.
- 200 "General Fixed Assets" General Fixed Assets are those assets which the LEA intends to hold or continue in use over a long period (i.e., more than one year) of time.
- 201 "Land" A fixed asset account which reflects the acquisition value of land owned by a LEA. If land is purchased, this account shall include the purchase price and costs such as legal fees, filling and excavation costs, and other associated improvement costs which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account shall reflect its appraised value at time of acquisition.
- 202 "Buildings" A fixed asset account which shall reflect the acquisition value of

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permanent structures or major improvements to existing permanent structures used to house persons and property owned by the LEA. If buildings are purchased or constructed, this account shall include the purchase or contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the account shall reflect their appraised value at time of acquisition.

- 203 "Improvements Other Than Buildings" A fixed asset account which shall reflect the acquisition value of permanent improvements, other than buildings, which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. If the improvements are purchased or constructed, this account shall contain the purchase or contract price. If improvements are obtained by gift, it shall reflect the appraised value at time of acquisition.
- 204 "Equipment Other Than Transportation" Tangible property of a more or less permanent nature, other than land, buildings, or improvements thereto, which is useful in carrying on operations. Examples are machinery, tools, trucks, cars, furniture, and furnishings.
- 205 "Construction in Progress" The cost of construction work undertaken but not yet completed.
- 206 "Transportation Equipment" Tangible property of a more or less permanent nature, other than land, buildings, or improvements thereto, which is used for transporting pupils.
- 300 "Budgeting Accounts and Other Debits" Budgeting Accounts and Other Debits shall include budgeted amounts and their status as related to expenditures and encumbrances as well as items which are offsetting accounts and which normally have debit balances.
- 301 "Estimated Revenues" The amount of revenues estimated to be received or to become receivable during the fiscal period. At the end of the fiscal period, the account shall be closed out and will not appear in a balance sheet prepared at the close of the fiscal period.
- 302 "Revenue (Credit)" The increase in ownership equity during a designated period of time. The account shall appear only in a balance sheet prepared

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during the fiscal period. At the end of the fiscal period, the account shall be closed out and will not appear in a balance sheet prepared at the close of the fiscal period. This is the control account for the revenues.

- 303 "Bonds Authorized – Unissued" Bonds which the LEA can issue without further proceedings other than to direct their sale. The account shall be included among the resources of a specific fund offset by a credit to Appropriations. When the bonds are sold, the account shall be credited and Cash debited. An alternative approach is not to show the Bonds Authorized – Unissued account in the balance sheet but merely to call attention to the amount of bonds that have been authorized and not issued in a footnote to the appropriate balance sheet. In this case, the journal entry at the time bonds are sold would be a debit to Cash for the proceeds and a credit to the revenue account, Sales of Bonds.
- 304 "Amount Available in Debt Service Funds" An account in the General Long-Term Debt Account Group which designates the amount of assets available in a Debt Service Fund for the retirement of general long-term debt.
- 305 "Amount to be Provided for Payment of Bonds" An account in the General Long-Term Debt Account Group which represents the amount to be provided from taxes or other general revenue to retire outstanding general long-term bonds.
- 306 "Amount to be Provided for Payment - Other" An account in the General Long-Term Debt Account Group which represents the amount to be provided from taxes or other general revenue to retire outstanding general long-term debt other than bonds.

## Liabilities, Reserves, and Fund Balance

Liabilities, Reserves, and Fund Balance are LEA Debts plus items which are not debts but which may become debts at some future time as well as other budgeting and offsetting accounts which normally have credit balances and show up only on trial balance sheets.

- 400 "Current Liabilities" Current liabilities are those debts the LEA expects to pay within a short period of time, usually within a year or less.
- 401 "Vouchers Payable" Liabilities for goods and services received as evidenced by

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vouchers which have been pre-audited and approved for payment but which have not been paid.

- 402 "Accounts Payable" Liabilities on open accounts owing to private persons, firms, or corporations for goods and services received by an LEA (but not including amounts due to other funds of the same LEA or to other governmental units).
- 403 "Judgments Payable" Amounts due to be paid by an LEA as the result of court decisions, including condemnation awards in payment for private property taken for public use.
- 404 "Contracts Payable" Amounts due on contracts for assets, goods, and services received by an LEA other than construction.
- 405 "Construction Contracts Payable" Amounts due by an LEA on contracts for construction of building structures, and other improvements.
- 406 "Corporate Personal Property Replacement Tax Anticipation Notes Payable" Amounts due by an LEA for corporate personal property tax anticipation notes issued according to Section 4.1 of the Tax Anticipation Note Act (Ill. Rev. Stat. 1991, ch. 85, par. 824.1) [50 ILCS 420/4.1].
- 407 "Anticipation Warrants Payable" Amounts due by an LEA for tax anticipation warrants issued as described in Section 17-16 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 17-16) [105 ILCS 5/17-16].
- 408 "Anticipation Notes Payable" Amounts due by an LEA for tax anticipation notes issued as described in Section 4.1 of the Tax Anticipation Note Act.
- 409 "Teachers' Orders Payable" Amounts due by an LEA for teachers' orders issued as described in Sections 8-16 and 10-18 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 8-16 and 10-18) [105 ILCS 5/8-16 and 10-18].
- 410 "State Aid Anticipation Certificates Payable" Amounts due by an LEA for State Aid Anticipation Certificates issued according to Section 18-18 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 18-18) [105 ILCS 5/18-18].
- 411 "Interfund Payables"

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- 412 "Due to Educational Fund" Amounts owed to the Educational Fund by another Fund in the same LEA for goods sold or services rendered, excluding Interfund Loans.
- 413 "Due to Operations and Maintenance Fund" Amounts owed to the Operations and Maintenance Fund by another Fund in the same LEA for goods sold or services rendered, excluding Interfund Loans.
- 414 "Due to Transportation Fund" Amounts owed to the Transportation Fund by another fund in the same LEA for goods sold or services rendered, excluding Interfund Loans.
- 415 "Due to Site and Construction and Capital Improvements Fund" Amounts owed to the Site and Construction and Capital Improvements Fund by another Fund in the same LEA for goods sold or services rendered, excluding Interfund Loans.
- 416 "Due to Fire Prevention and Safety Fund" Amounts owed to the Fire Prevention and Safety Fund by another Fund in the same LEA for goods sold or services rendered, excluding Interfund Loans.
- 420 "Due to Other Governmental Units" Amounts owed by the reporting LEA to the named governmental unit. It is recommended that separate accounts be maintained for each interagency account payable.
- 431 "Loan from Educational Fund" A liability account used to record a loan from the Educational Fund to the Operations and Maintenance Fund, Transportation Fund, or Fire Prevention and Safety Fund.
- 432 "Loan from Operations and Maintenance Fund" A liability account used to record a loan from the Operations and Maintenance Fund to the Educational Fund, Transportation Fund, or Fire Prevention and Safety Fund.
- 433 "Loan from Transportation Fund" A liability account used to record a loan from the Transportation Fund to the Educational Fund, the Operations and Maintenance Fund, or the Fire Prevention and Safety Fund.
- 434 "Loan from Working Cash Fund" A liability account used to record a loan from



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the Working Cash Fund to any fund for which taxes are levied.

- 441 "Matured Bonds Payable" Bonds which have reached or passed their maturity date but which remain unpaid.
- 442 "Matured Interest Payable" Interest on bonds which have reached the maturity date but which remain unpaid.
- 451 "Teachers' Pension Payable" Teachers' pension deductions withheld from salaries of employees who participate in the Illinois Teachers' Retirement System.
- 452 "Federal Withholding Tax Payable" Federal income taxes withheld from employees' salaries.
- 453 "State Withholding Tax Payable" State income taxes withheld from employees' salaries.
- 454 "Municipal Retirement Payable" Municipal retirement deductions withheld from salaries of employees who participate in the Illinois Municipal Retirement System.
- 455 "Annuities Payable" Annuity deductions withheld from employees' salaries.
- 456 "Employee Insurance Payable" Insurance deductions withheld from employees' salaries.
- 457 "Federal Insurance Contribution Act Payable" FICA (Social Security) deductions withheld from employees' salaries.
- 458 "Medicare Only Payable" Medicare only deductions withheld from employees' salaries.
- 459 "Other Payroll Deductions Payable" Other deductions withheld from employees' salaries.
- 461 "Accrued Expenses" Expenses incurred during the current accounting period but which are not payable until a subsequent accounting period. Examples of accrued expenses are accrued salaries, accrued tuition expense, accrued

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interest, and accrued rent.

- 471 "Deposits" Liability for deposits received as a prerequisite to providing or receiving services and/or goods.
- 472 "Due to Fiscal Agent" Amounts due to fiscal agents, such as commercial banks, for servicing an LEA's maturing indebtedness.
- 473 "Unamortized Premiums on Bonds Sold" An account which represents that portion of the excess of bond proceeds over par value and which remains to be amortized over the remaining life of such bonds.
- 474 "Deferred Revenues" Liability accounts that represent assets receivable or collected before they are recognized as revenue.
- 480 "Due to Activity Fund Organizations" A liability account that represents assets held by an LEA as an agent for activity fund organizations.
- 499 "Other Current Liabilities" Other current liabilities not provided for elsewhere.
- 500 "Long-Term Liabilities" Long-Term Liabilities are debts which a school district plans to hold for a long period (i.e., more than one year) of time.
- 501 "Bonds Payable" The face value of bonds issued and outstanding but not matured.
- 599 "Other Long-Term Liabilities" Other long-term liabilities not provided for elsewhere.
- 600 "Budgeting Accounts and Other Credits" These categories represent accounts which reflect budgeted amounts and their status as related to expenditures and encumbrances as well as offsetting accounts which normally have credit balances.
- 601 "Appropriations" This account records authorizations granted by the legislative body to make expenditures and to incur obligations for specific purposes. This account appears in a balance sheet prepared during the fiscal period. At the end of the fiscal period, the Appropriations account is closed out and does not appear in the balance sheet prepared at the close of the fiscal period.

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- 602 "Expenditures (Debit)" This account appears in balance sheets prepared during the fiscal period and designates the total of expenditures charged against appropriations during such period. The account is shown in each balance sheet as a deduction from the Appropriations account to arrive at the expected balance of total appropriations. This is the control account for expenditures.
- 603 "Encumbrances (Debit)" This account designates obligations in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. In an interim balance sheet, encumbrances are deducted along with the expenditures from the Appropriations account to arrive at the unencumbered balance of appropriations.
- 700 "Reserves and Fund Balance" These are accounts which show the excess of the assets of a fund over its liabilities and those that have a portion of the balance reserved for future use.
- 701 "Reserve for Encumbrances" A reserve representing the segregation of a portion of a fund balance to provide for unliquidated encumbrances. Separate accounts may be maintained for current and prior year encumbrances.
- 702 "Reserve for Inventory" A reserve which represents the segregation of a portion of a fund balance to indicate that assets equal to the amount of the reserve are tied up in inventories of supplies and inventories on hand and not issued to requesting units.
- 703 "Fund Balance-Reserved or Restricted" A reserve which represents the segregation of a portion of a fund balance to indicate that assets equal to the amount of the reserve are tied up for the named special purpose. Separate accounts may be maintained for each reserved or restricted balance.
- 704 "Fund Balance – Unreserved or Unrestricted" The excess of the assets of a fund over its liabilities and reserves, except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period.
- 705 "Investment in General Fixed Assets" An account in the General Fixed Assets

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Account Group which represents the LEA equity in general fixed assets.

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**Section 110. TABLE C DEFINITIONS OF REVENUE CLASSIFICATIONS**

"Code"	"Descriptor"
1000	Revenue From Local Sources
1100	Ad Valorem Taxes levied by school system.
1110	<p>"General Levies" Taxes received from the general levy for each fund authorized as follows:</p> <p>"Educational Fund" – Sections 17-2 and 17-3 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 17-2 and 17-3 [105 ILCS 5/17-2 and 17-3]</p> <p>"Operations and Maintenance Fund" – Sections 17-2 and 17-5 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 17-2 and 17-5) [105 ILCS 5/17-2 and 17-5].</p> <p>"Bond and Interest Fund" – Sections 17-2.11a, 17-12, 19-7, 19-22, and 19-30 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 17-2.11a, 17-12, 19-7, 19-22, and 19-30) [105 ILCS 5/17-2.11a, 17-12, 19-7, 19-22, and 19-30].</p> <p>"Transportation Fund" – Sections 17-2 and 17-4 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 17-2 and 17-4) [105 ILCS 5/17-2 and 17-4].</p> <p>"Municipal Retirement/Social Security Fund" – Section 22-403 of the Illinois Pension Code (Ill. Rev. Stat. 1991, ch. 108½, par. 22-403) [40 ILCS 5/22-403] for Municipal Retirement purposes only.</p> <p>"Site and Construction and Capital Improvements Fund" - Section 17-2 of the School Code.</p> <p>"Working Cash Fund" – Section 20-3 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 20-3) [105 ILCS 5/20-3].</p>

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"Rent Fund" – Sections 35-23 and 35-24 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 35-23 and 35-24) [105 ILCS 5/35-23 and 35-24]

"Fire Prevention and Safety Fund" – Section 17-2.11 of the School Code.

- 1111 "Current Year Levy"
- 1112 "First Prior Year Levy"
- 1113 "Other Prior Years' Levies"
- 1120 "Tort Immunity Levy" Taxes received from the levy for tort immunity purposes as authorized by Section 9-107 of the Local Governmental and Governmental Torts Immunity Act (Ill. Rev. Stat. 1991, ch. 85, par. 9-107) [745 ILCS 10/9-107].
- 1121 "Current Year Levy"
- 1122 "First Prior Year Levy"
- 1123 "Other Prior Years' Levies"
- 1130 "Facility Leasing Levy" Taxes received from the levy for the purpose of leasing educational facilities as authorized in Section 17-2.2c of the School Code. The taxes received from the levy for temporary relocation should be recorded in Revenue Account 1190 – Other Tax Levies.
- 1131 "Current Year Levy"
- 1132 "First Prior Year Levy"
- 1133 "Other Prior Years' Levies"
- 1140 "Special Education Levy" Taxes received from the levy for special education as authorized in Section 17-2.2a of the

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## School Code.

- 1141 "Current Year Levy"
- 1142 "First Prior Year Levy"
- 1143 "Other Prior Years' Levies"
- 1150 "Social Security/Medicare Only Levy" Taxes received from the levy for the employer's share of Social Security taxes and the employer's share of Medicare Only payments, Section 21-110 and 21-110.1 of the Social Security Enabling Act (Ill. Rev. Stat. 1991, ch. 108½, pars. 21-110 and 21-110.1) [40 ILCS 5/21-110 and 21-110.1].
- 1151 "Current Year Levy"
- 1152 "First Prior Year Levy"
- 1153 "Other Prior Years' Levies"
- 1160 "Area Vocational Construction Levy" Taxes received from the levy for area vocational construction purposes as authorized in Section 17-2.4 of the School Code.
- 1161 "Current Year Levy"
- 1162 "First Prior Year Levy"
- 1163 "Other Prior Years' Levies"
- 1170 "Summer School Levy" Taxes received from the levy for summer school purposes as authorized in Section 17-2 of the School Code.
- 1171 "Current Year Levy"
- 1172 "First Prior Year Levy"

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- 1173 "Other Prior Years' Levies"
- 1190 "Other Tax Levies" Taxes received from other tax levies not provided for herein.
- 1191 "Current Year Levy"
- 1192 "First Prior Year Levy"
- 1193 "Other Prior Years' Levies"
- 1200 "Payments in Lieu of Taxes"
- 1210 "Mobile Home Privilege Tax"
- 1220 "Payments from Local Housing Authority"
- 1230 "Corporate Personal Property Replacement Tax" Amounts received from tax revenues that replace the revenue lost as the result of abolition of ad valorem personal property taxes pursuant to Article IX, Section 5(c) of the 1970 Constitution of the State of Illinois . Revenues must first be applied to the Bond and Interest Fund (for bonds sold before 1-1-79) and the Municipal Retirement/Social Security Fund to replace the lost tax revenues. Revenues may be deposited into any other funds (other than the Site and Construction and Capital Improvements Fund), after satisfying the two liens.
- 1290 "Other Payments in Lieu of Taxes"
- 1300 "Tuition" Assessment amounts received from: pupils, their parents, and welfare agencies; other LEAs for education provided in the local education agency; and private sources (Others). (Paying LEAs: See function 4100 categories, object 800 for applicable expenditure account numbers.)
- 1310 "Regular Day School Tuition" Amounts received for pupils attending the regular day schools in the local education



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agency as authorized in Section 10-20.12a of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 10-20.12a) [105 ILCS 5/10-20.12a].

- 1311 "Regular Tuition From Pupils or Parents"
- 1312 "Regular Tuition From Other LEAs"
- 1313 "Regular Tuition From Other Sources"
- 1320 "Summer School Tuition" Amounts received for pupils attending summer school.
- 1321 "Summer School Tuition From Pupils or Parents"
- 1322 "Summer School Tuition From Other LEAs"
- 1323 "Summer School Tuition From Other Sources"
- 1330 "Vocational Educational Tuition" Amounts received for pupils attending vocational education programs.
- 1331 "Vocational Tuition From Pupils or Parents"
- 1332 "Vocational Tuition From Other LEAs"
- 1333 "Vocational Tuition From Other Sources"
- 1340 "Special Education Tuition" Amounts received for pupils attending special education programs.
- 1341 "Special Education Tuition From Pupils or Parents"
- 1342 "Special Education Tuition From Other LEAs"
- 1343 "Special Education Tuition From Other Sources"
- 1350 "Adult/Continuing Education Tuition" Amounts received for pupils attending adult/continuing education schools in

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the LEA.

- 1351 "Adult Tuition From Pupils or Parents"
- 1352 "Adult Tuition From Other LEAs"
- 1353 "Adult Tuition From Other Sources"
- 1400 "Transportation Fees" Amounts received from pupils, their parents, welfare agencies, private sources, and other LEAs for transporting pupils to and from school and school activities as authorized in Article 29 of the School Code. (Paying LEAs: See function 4100 categories, object 300 category for applicable expenditure account numbers.)
- 1410 "Regular Day School Transportation Fees" Amounts received for transporting pupils to and from regular day school and school activities.
- 1411 "Regular Transportation Fees From Pupils or Parents"
- 1412 "Regular Transportation Fees From Other LEAs"
- 1413 "Regular Transportation Fees From Private Sources"
- 1415 "Regular Transportation Fees From Pupils/Cocurricular Activities"
- 1420 "Summer School Transportation Fees" Amounts received to transport pupils to and from summer school.
- 1421 "Summer School Transportation Fees From Pupils or Parents"
- 1422 "Summer School Transportation Fees From Other LEAs"
- 1423 "Summer School Transportation Fees From Other Sources"
- 1430 "Vocational Education Transportation Fees" Amounts

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- received to transport pupils to and from Vocational classes.
- 1431 "Vocational Transportation Fees From Pupils or Parents"
- 1432 "Vocational Transportation Fees From Other LEAs"
- 1433 "Vocational Transportation Fees From Other Sources"
- 1440 "Special Education Transportation Fees" Amounts received to transport pupils to and from Special Education programs.
- 1441 "Special Education Transportation Fees From Pupils or Parents"
- 1442 "Special Education Transportation Fees From Other LEAs"
- 1443 "Special Education Transportation Fees From Other Sources"
- 1450 "Adult/Continuing Education Transportation Fees" Amounts received to transport pupils to and from Adult/Continuing Education programs.
- 1451 "Adult Transportation Fees From Pupils or Parents"
- 1452 "Adult Transportation Fees From Other LEAs"
- 1453 "Adult Transportation Fees From Other Sources"
- 1500 "Earnings on Investments" Revenue from holdings invested for earnings purposes.
- 1510 "Interest on Investments" Interest received on short-term or long-term investments in United States Treasury Bills, notes, bonds; savings accounts; time certificates of deposit; notes; mortgages; or other interest-bearing obligations.
- 1520 "Gain or Loss on Sale of Investments" Gains or losses realized from the sale of bonds. Gains represent the excess

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of the sales proceeds over cost or other basis as of the date of sale (cost less amortization of premium in the case of long-term bonds purchased at a premium over par value or cost plus amortization of discount on long-term bonds purchased at a discount under par value). Gains realized from sale of U.S. Treasury bills represent income and should be credited to account 1510 above. Losses represent the excess of the cost or other basis at date of sale (as described above) over the sales proceeds.

- 1600 "Food Services" Amounts received for dispensing food to pupils and adults.
- 1610 "Sales to Pupils" Amounts received from pupils for sale of food products and services. Better financial control, analysis and reporting for federal and state reimbursements can be obtained by maintaining separate accounts by type of sale. Use of this account is required for federal reimbursement purposes.
- 1611 "Sales to Pupils – Lunch"
- 1612 "Sales to Pupils – Breakfast"
- 1613 "Sales to Pupils – A la Carte"
- 1614 "Sales to Pupils – Other"
- 1620 "Sales to Adults" Amounts received from adults for sale of food products and services. Regular meals or food products sold to staff can be segregated from special dinners and affairs for special purposes by maintaining separate accounts.
- 1690 "Other Food Service Revenue" Amounts received from local sources for other food service activities.
- 1700 "Pupil Activities" Amounts received from school sponsored activities.

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- 1710 "Admissions" Amounts received from patrons of a school sponsored activity.
- 1711 "Athletic" Amounts received from school sponsored athletic events.
- 1719 "Other" Amounts received from admissions to all other school sponsored events except athletics.
- 1720 "Fees" Amounts received from pupils for fees (except transportation) such as towel fees, locker fees, and equipment fees.
- 1730 "Book Store Sales" Amounts received from sales, other than textbook sales, resulting from the operation of a bookstore. Sales may be recorded in separate revenue accounts according to the type of product sold, if desired.
- 1790 "Other Pupil Activity Revenue" All other revenue from pupil activities not specified above.
- 1800 "Textbooks" Amounts received from the rental or sale of textbooks.
- 1810 "Textbook Rentals" Amounts received from the rental of textbooks as authorized in Section 10-22.25 of the School Code (Ill. Rev Stat. 1991, ch. 122, par. 10-22.25) [105 ILCS 5/10-22.25].
- 1811 "Regular Textbook Rentals"
- 1812 "Summer School Textbook Rentals"
- 1813 "Adult/Continuing Education Textbook rentals"
- 1819 "Other Textbook Rentals"
- 1820 "Textbook Sales" Amounts received from the sales of

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textbooks as authorized in Section 28-8 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 28-8) [105 ILCS 5/28-8].

- 1821 "Regular Textbook Sales"
- 1822 "Summer School Textbook Sales"
- 1823 "Adult/Continuing Education Textbook Sales"
- 1829 "Other Textbook Sales"
- 1890 "Other Textbook Revenues" Textbook revenues not provided for in the 1800 thru 1829 series of accounts.
- 1900 "Other Revenue From Local Sources" Other amounts received from local sources which are not classified above.
- 1910 "Rentals" Amounts received for rental of school property, real or personal.
- 1920 "Contributions and Donations From Private Sources" Amounts received from a philanthropic foundation, private individuals, or private organizations for which no repayment or special service to the contributor is expected.
- 1940 "Services Provided Other LEAs" Amounts received from services provided other LEAs other than for tuition and transportation services. Services could include data processing, purchasing, maintenance, accounting, cleaning, consulting, guidance, etc. (Paying LEAs: See function 4100 categories, object 300 and object 600 categories for applicable expenditure account numbers.)
- 1950 "Refund of Prior Years' Expenditures" Amounts received in refund of an expenditure charged to a prior fiscal year's budget. A refund of an expenditure made in the same fiscal year's budget may be recorded in the appropriate expenditure account as a reduction of the expenditure.

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- 1990 "Other" Amounts received from local sources not provided for elsewhere.
- 1991 "Payment From Other Districts" Special Education or Vocational Education Buildings.
- 1992 "Sale of Vocational Projects" Amounts representing gain from the sale of vocational projects.
- 1993 "Local Fees" Amounts assessed or received from local sources for district programs (example: driver education fees).
- 1999 "Other" Amounts received from local sources that are not provided for otherwise in the 1000 through 1992 series of accounts.
- 2000 "Flow-through Revenue from One LEA to Another LEA" Payments one LEA makes to another LEA representing mini-grant projects and flow-through grants-in-aid to be used for specific grant-related purposes. (Paying LEAs: See function 4100 categories, object 700 categories for applicable expenditure account numbers.) LEAs include any school districts; any joint agreements, such as special education centers or area vocational centers; vocational education regional delivery systems; and educational service centers. The Educational Service Region (ESR) is not an LEA for the purposes of this definition; any revenue received from the ESR is a direct payment to the LEA.
- 2100 "Flow-through Revenue from State Sources" These state revenues can be further subdivided to account for individual grants.
- 2200 "Flow-through Revenue from Federal Sources" These federal revenues can be further subdivided to account for individual grants.
- 3000 Revenue From State Sources

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- 3100 "Unrestricted Grants-In-Aid" Amounts received as grants by the LEA which can be used without restriction for any legal purpose desired by the LEA.
- 3110 "General State Aid" Amounts received from the state for the general apportionment (flat grant) and the equalization portions of General State Aid as authorized in Section 18-8 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 18-8) [105 ILCS 5/18-8].
- 3120 "Supplementary State Aid" Amounts received from the state including tax amnesty monies or Supplementary State Aid for new districts (formed by the consolidation of previously existing districts) as authorized in Sections 18-8(A)(5)(m), 18-8.2, and 18-8.3 of the School Code.
- 3200 "Restricted Grants-In-Aid" Amounts received as grants by the LEA which must be used for a categorical or specific purpose if payments were made on a grant basis.
- 3210 "Transportation Aid" Amounts received from the state for transportation aid.
- 3211 "Regular" Amounts received from the state for a portion of the cost of transporting regular students as authorized in Section 29-5 of the School Code.
- 3212 "Special Education" Amounts received from the state for a portion of the cost of transporting Special Education students as authorized in Sections 14-7.02 and 14-13.01 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 14-7.02 and 14-13.01) [105 ILCS 5/14-7.02 and 14-13.01].
- 3213 "Vocational Education" Amounts received from the state for a portion of the cost of transporting Vocational Education students as authorized in Section 29-5 of the School Code.



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- 3220 "Instructional Program Aid" Amounts received from the state for Instructional Program Aid.
- 3221 "Driver Education" Amounts received from the state representing reimbursement for Driver Education as authorized in Sections 27-24.3 and 27-24.4 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 27-24.3 and 27-24.4) [105 ILCS 5/27-24.3 and 27-24.4].
- 3222 "Technical Preparation Education" Amounts received from state funds to provide planning, implementation and demonstration grants to consortia of local education agencies and postsecondary educational institutions for development and operation of 4-year programs beginning at eleventh grade and leading to a 2-year associate's degree or certificate.
- 3223 "Summer School" Amounts received from the state representing reimbursement for summer school as authorized in Sections 2-3.61 and 18-8 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 2-3.61 and 18-8) [105 ILCS 5/2-3.61 and 18-8].
- 3224 "Bilingual Education" Amounts received from the state representing reimbursement for Bilingual Education as authorized in Sections 2-3.39, 10-22.38a and Article 14C of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 2-3.39, 10-22.38a, and 14C-1 et seq.) [105 ILCS 5/2-3.39, 10-22.38a, and 14C-1 et seq.].
- 3225 "Vocational Education – State General Revenue Formula" Amounts received from the state representing reimbursement for Vocational Education.
- 3226 "Vocational Education – Grants and Contracts" Amounts received from the state representing reimbursement for grants and funding agreements.
- 3227 "Gifted Education" Amounts received from the state

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representing reimbursement for Gifted Education as authorized in Article 14A of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 14A-1 et seq.) [105 ILCS 5/14A-1 et seq.].

- 3228 "Adult Education – General" Amounts received from the state representing reimbursement for Adult Education as authorized in Section 203-1 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 203-1) [105 ILCS 405/3-1].
- 3229 "Adult Education – Sec. 10-22.20" Amounts received from the state representing reimbursement for Adult Education public assistance as authorized in Section 10-22.20 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 10-22.20) [105 ILCS 5/10-22.20].
- 3230 "Special Education" Amounts received from the state representing reimbursement for Special Education as authorized in Article 14 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 14-1 et seq.) [105 ILCS 5/14-1 et seq.].
- 3231 "Special Education Personnel" Amounts received from the state for a portion of the cost of approved personnel.
- 3232 "Special Education Private Facility" Amounts received from the state for costs related to children who must attend a nonpublic school or special education facility that can provide the special education services required.
- 3233 "Special Education Extraordinary" Amounts received from the state for costs related to children who require additional and extraordinary special education services that are provided by the LEA pursuant to the provisions of 23 Ill. Adm. Code 226 (Special Education).
- 3234 "Special Education Orphanage" Amounts received from the state for children under the provisions for (group and individual) orphanage services, for both regular session and summer session.

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- 3240 "Reading Improvement" Amounts received from the state as authorized in Section 2-3.51 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 2-3.51) [105 ILCS 5/2-3.51] to improve the reading and study skills of children in kindergarten through grade six (for reading specialists, teacher aides, and other personnel).
- 3245 "Prekindergarten Programs for At-Risk Students" Amounts received from the state as authorized in Section 2-3.71 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 2-3.71) [105 ILCS 5/2-3.71] to fund programs for children ages three to five who have been identified through a screening process as being at risk of academic failure when they enter school.
- 3250 "School Lunch Aid" Amounts received from the state for school lunch aid.
- 3251 "Lunch – Free" Amounts received from the state for a portion of the cost of school lunches as authorized in Section 2 of the School Free Lunch Program Act (Ill. Rev. Stat. 1991, ch. 122, par. 712.2) [105 ILCS 125/2].
- 3252 "Breakfast – Free" Amounts received from the state for a portion of the cost of school breakfast as authorized in Section 2 of the School Free Lunch Program Act.
- 3260 "Capital Development Board" Amounts received from the Capital Development Board as authorized in the School Construction Bond Act (Ill. Rev. Stat. 1991, ch. 122, par. 1201 et seq.) [30 ILCS 390] and Section 1A-1.2 of the Capital Development Board Act (Ill. Rev. Stat. 1991, ch. 127, par. 783.1-2) [20 ILCS 3105/1A-1.2].
- 3261 "Bond Principal" Amounts received from the Capital Development Board for a portion of the cost of bonds redeemed.

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- 3262 "Bond Interest" Amounts received from the Capital Development Board for interest paid.
- 3290 "Other Grants-In-Aid" Amounts received from the state for a portion of the cost of other grants-in-aid.
- 3300 "Payments Received in Lieu of Taxes" Payments made out of general revenues by the state to the LEA in lieu of taxes.
- 3310 "Orphans Tuition" Amounts received from the state for a portion of the cost of orphans tuition as authorized in Section 18-3 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 18-3) [105 ILCS 5/18-3].
- 3330 "Tax Equivalent Grants" Amounts received from the state for a portion of the cost of tax equivalent grants as authorized in Section 18-4.4 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 18-4.4) [105 ILCS 5/18-4.4].
- 3340 "State Impaction Aid" Amounts received from the state for a portion of the cost of state impaction aid as authorized in Section 18-4.2 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 18-4.2) [105 ILCS 5/18-4.2].
- 4000 Revenue From Federal Sources
- 4100 "Unrestricted Grants-In-Aid Received Directly From Federal Government" Amounts received directly from the federal government as grants by the LEA, which can be used without restriction for any legal purpose desired by the LEA.
- 4110 "Impact Aid Act," Public Law 81-874 (20 U.S.C.A. 236 et seq.). Amounts received from federal funds by LEA's having increased enrollments due to federal activities.
- 4300 "Restricted Grants-In-Aid Received Directly From Federal Government" Amounts received directly from the federal government as grants by the LEA, which must be used for a

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categorical or specific purpose.

- 4320 "Emergency School Assistance Act" Amounts received from federal funds to finance programs designed to assist school districts to desegregate.
- 4325 "Bilingual Education Act," Public Law 100-297, Title VII of "The Elementary and Secondary Education Act of 1965" (20 U.S.C.A. 3281 et seq.). Amounts received from federal funds for approved bilingual education.
- 4330 "Education for Economic Security Act" Amounts received from EESA, Public Law 98-377, Title VI – Excellence in Education funds (20 U.S.C. 4031 et seq.). Provides U.S. Department of Education grants on a competitive basis to individual public schools striving to improve the quality of education.
- 4340 "Community Action Program – O.E.O." Amounts received from federal funds for activities related to Community Action Programs.
- 4350 "Headstart" Amounts received from federal funds for Headstart programs.
- 4360 "Impact Aid Act," Public Law 81-815 (20 U.S.C.A. 631 et seq.) Amounts received from federal funds for the construction of school buildings in LEAs having increased enrollments due to federal activities.
- 4390 "Other" Amounts received directly from the federal government not provided for elsewhere in the 4300 thru 4360 series of accounts.
- 4400 "Restricted Grants-In-Aid Received From Federal Government Through the State" Amounts received from the federal government through the state as grants by the LEA which must be used for a categorical or specific purpose.

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- 4410 "Adult Education Act," Public Law 102-73 (20 U.S.C.A. 1201 et seq.). Amounts received from federal funds for Adult Basic Education as authorized in Public Law 102-73.
- 4420 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392. Amounts received from federal funds to provide for services and activities that are essential for handicapped individuals to succeed in vocational education.
- 4421 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392, Title IIA- State Leadership (20 U.S.C. 2331 et seq.). Amounts received from federal funds to provide state leadership programs including teacher professional development, curriculum development, program evaluation, promotion of partnerships, tech-prep education support, vocational student organization support, technology education programs, and data collection.
- 4422 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392, Title IIB—Single Parents (20 U.S.C. 2331 et seq.). Amounts received from federal funds to provide, subsidize, reimburse or pay for vocational education and training activities that will give single parents or homemakers marketable skills.
- 4423 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392, Title IIB-Sex Equity (20 U.S.C. 2331 et seq.). Amounts received from federal funds to provide for programs, services, and activities to eliminate sex bias and stereotyping in vocational education programs designed to enable participants to support themselves and their families.
- 4424 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392, Title IIC-Secondary (20 U.S.C. 2341 et seq.). Amounts received from federal funds to (1) improve vocational education programs, (2) provide for the fair and equitable participation of individuals who

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are members of special populations by providing the supplementary and other services necessary for them to succeed in vocational education, and (3) operate at a limited number of sites or with respect to a limited number of program areas that serve the highest concentrations of individuals who are members of special populations.

- 4425 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392, Title IIIB-Consumer and Homemaking (20 U.S.C. 2361 et seq.). Amounts received from federal funds to provide supplemental funds to improve, expand or update instruction in approved occupations of homemaking.
- 4426 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392, Title IIIE-Technical Preparation Education (20 U.S.C. 2394 et seq.). Amounts received from federal funds to provide planning and demonstration grants to consortia of local education agencies and postsecondary educational institutions for the development and operation of 4-year programs beginning at eleventh grade and leading to a 2-year associate's degree or a 2-year certificate.
- 4427 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392, IIIF-Facilities and Equipment (20 U.S.C. 2395 et seq.). Amounts received from federal funds for facilities, equipment and program improvement activities in vocational and applied technology education.
- 4429 "Carl D. Perkins Vocational and Applied Technology Act of 1990," Public Law 101-392 – Other. Amounts received from federal funds that provide for other programs under the Carl D. Perkins Vocational and Applied Technology Act of 1990.
- 4430 "Transition Programs for Refugee Children" Amounts received from federal funds (Refugee Act of 1980) for

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approved supplementary programs for eligible refugee children.

- 4435 "Emergency Immigrant Education Assistance" Amounts received from federal funds as authorized in Section 101(g) of Further Continuing Appropriation, Public Law 98-151. Provides public education services to immigrant children not born in the United States and attending school less than three years.
- 4440 "Elementary and Secondary Education Act (ESEA), Chapter 1" Amounts received from federal funds as authorized in Public Law 100-297.
- 4441 "ESEA, Chapter 1 – Educationally Deprived" Amounts received from federal funds for programs designed to reduce or eliminate the educational deficiencies of eligible Chapter 1 students. Programs provide supplemental educational opportunities determined to be of high priority, usually in areas such as reading, mathematics, and cultural enrichment.
- 4442 "ESEA, Chapter 1 – Handicapped" Amounts received from federal funds for approved handicapped programs (Public Law 89-313).
- 4443 "ESEA, Chapter 1 – Migrant" Amounts received from federal funds for approved migrant programs to meet the needs of itinerant agricultural workers who have settled out of the migrant stream.
- 4444 "ESEA, Chapter 1 – Neglected and Delinquent" Amounts received from federal funds for approved neglected or delinquent children with the focus of educational activities being on reading, mathematics, and communication skills.
- 4445 "ESEA, Chapter 1 – Even Start Program" Amounts received from federal funds for approved Even Start projects to provide participating families with an integrated



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- program of early childhood education, adult basic skills training and parenting training.
- 4450 "Individuals with Disabilities Education Act (IDEA)"  
Amounts received from federal funds for approved programs under the Individuals with Disabilities Education Act.
- 4451 "IDEA – Preschool Grant (99-457)" Amounts received from federal funds for approved IDEA preschool programs.
- 4452 "IDEA – Room and Board Reimbursement (94-142, B)" Amounts received from federal funds for approved IDEA room and board reimbursements.
- 4453 "IDEA – Discretionary Programs (94-142,B)" Amounts received from federal funds for approved IDEA discretionary and preschool programs.
- 4454 "IDEA – Flow Through (94-142,B)" Amounts received from federal funds for approved IDEA flow-through funding.
- 4455 "IDEA – Deaf/Blind (91-230, VI-C)" Amounts received from federal funds for approved programs for the deaf and blind.
- 4456 "IDEA – Infant and Toddlers ( Part H)" Amounts received from federal funds for approved IDEA infant and toddler programs.
- 4460 "School Lunch Program" Amounts received from federal funds.
- 4461 "School Lunch – Regular Lunches" Amounts received from federal funds for reimbursement for meals served through the school lunch program at the regular price.
- 4462 "School Lunch – Free and Reduced" Amounts received

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from federal funds for reimbursement of free and reduced price meals served through the school lunch program.

- 4463 "Special Milk" Amounts received from federal funds for reimbursement based on the special milk program.
- 4464 "Breakfast" Amounts received from federal funds for reimbursement for breakfasts served through the school lunch program.
- 4465 "Non-Food Assistance" Amounts received from federal funds for reimbursement covering the purchase of equipment used in the school lunch program.
- 4466 "Payments in Lieu of Commodities" Amounts received from federal funds for payments in lieu of commodities.
- 4467 "Nutrition Education and Training Act" Amounts received from federal funds (Public Law 95-166) to promote and strengthen the nutrition education curriculum.
- 4470 "Elementary and Secondary Education Act (ESEA), Chapter 2" Amounts received from federal funds as authorized in Public Law 97-35 for approved Chapter 2, Block Grant programs.
- 4475 "ESEA, Title II, Dwight D. Eisenhower Mathematics and Science Education Act" Amounts received from ESEA, Public Law 100-297, Title II – Teacher Skill Improvement (20 U.S.C. 3961 et seq.). Provides for teacher skill improvement and enhanced instruction in mathematics and science.
- 4480 "Department of Rehabilitation Services" Amounts received from federal funds for vocational training of special education pupils.
- 4490 "Other" Amounts received from the federal government through the state and not provided for elsewhere in the

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4400 through 4480 series of accounts.

- 4500 "Restricted Grants-In-Aid Received From Federal Government Through an Intermediate Source" Amounts received from the federal government through an intermediate source as grants by the LEA which must be used for a specific purpose.
- 4530 "JTTPRA (Job Training Partnership Reform Act)" Amounts received from Title II federal funds (Public Law 97-300) through an intermediate source for contractual agreements that provide vocational training services, and coordination of activities to the economically disadvantaged.
- 4590 "Other Federal Grants" Amounts received from federal funds through intermediate sources not provided for elsewhere in the 4500 through 4530 series of accounts.
- 7000 Other Financing Sources
- 7100 "Transfer From Other Funds" Amounts received unconditionally from another fund without expectation of repayment.
- 7110 "Permanent Transfer From Working Cash Fund" The transfer of the balance to the Educational Fund when the Working Cash Fund is abolished as authorized in Section 20-8 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 20-8) [105 ILCS 5/20-8].
- 7120 "Permanent Transfer of Interest From Working Cash Fund" The permanent transfer of interest to any fund of the district. Such a transfer may only be made upon the authority of the school board by resolution directing the school treasurer to make the transfer as authorized in Section 20-5 of the School Code.
- 7130 "Permanent Transfer from Educational Fund" The permanent transfer to the Operations and Maintenance Fund

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of moneys in restricted amounts by districts meeting certain conditions as authorized in Section 17-2A of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 17-2A) [105 ILCS 5/17-2A].

- 7140 "Permanent Transfer of Interest" The permanent transfer of interest, as authorized in Section 10-22.44 of the School Code.
- 7150 "Permanent Transfer from Site and Construction and Capital Improvements Fund to Operations and Maintenance Fund" The transfer of bond proceeds (other than for Fire Prevention and Safety) remaining in the Site and Construction and Capital Improvements Fund to the Operations and Maintenance Fund after the purposes for which the bonds have been issued have been accomplished and paid in full, as authorized in Section 10-22.14 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 10-22.14) [105 ILCS 5/10-22.14].
- 7160 "Permanent Transfer of Excess Accumulated Fire Prevention and Safety Tax Proceeds and Interest Earnings" The transfer (by school board resolution) of tax proceeds and interest earned on proceeds remaining in the Fire Prevention and Safety Fund to the Operations and Maintenance Fund after the purposes for which the taxes were levied have been accomplished and paid in full. This transfer shall be made for the purpose of abating an equal amount of operation and maintenance purposes taxes. (Section 17-2.11 of the School Code.)
- 7170 "Permanent Transfer of Excess Accumulated Fire Prevention and Safety Bond Proceeds and Interest Earnings" The transfer (by school board resolution) of bond proceeds remaining in the Fire Prevention and Safety Fund to the Bond and Interest Fund after the purposes for which the bonds were issued have been completed and paid in full. This transfer shall be made for the propose of abating an equal amount of taxes extended for principal and interest

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payments on the respective bonds. (Section 10-22.14 of the School Code.)

- 7200 "Sale of Bonds" All amounts received from the sale of bonds.
- 7210 "Principal on Bonds Sold" Amounts received as principal from the sale of bonds.
- 7220 "Premium on Bonds Sold" Amounts received as premiums from the sale of bonds.
- 7230 "Accrued Interest on Bonds Sold" Amounts received as accrued interest from the sale of bonds. When bonds are sold at a date later than the nominal issue date of the bonds, the selling price often includes, in addition to the principal of the bonds, an amount representing the interest that has accrued on the bonds since the nominal issue date. This excess over the principal may be credited to this account in the Bond and Interest Fund or the Site and Construction Fund.
- 7300 "Sale or Compensation for Loss of Fixed Assets" Amounts received from the sale of school property or realized from recoveries for loss of school property.
- 7310 "Sale of Equipment" Amounts received from the sale of equipment such as school buses, cafeteria equipment, and instructional equipment.
- 7320 "Sale of Buildings and Grounds" Amounts received from the sale of a building or land or a combination of both. Proceeds from the sale first shall be used to pay the principal and interest on any outstanding bonds on the property being sold, and after all such bonds have been retired, the remaining proceeds from the sale next shall be used to meet any urgent district fire prevention and safety needs as determined under Sections 2-3.12 and 17-2.11 of the School Code (Ill. Rev. Stat. 1991, ch. 122, pars. 2-3.12

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and 17-2.11) [105 ILCS 5/2-3.12 and 17-2.11] and then for any other authorized purpose and for deposit into any district fund as authorized in Section 5-22 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 5-22) [105 ILCS 5/5-22]. The sale of a building representing a vocational project for resale is credited in the Educational Fund to General Ledger Account 171.

7330

"Compensation for Loss of Fixed Assets" Compensation or insurance recoveries for loss of school property not being replaced. If the school property will be replaced within the current fiscal year, it should be credited to the proper expenditure account.

7400

"Other Sources" Other miscellaneous financing sources which cannot be classified in preceding 7000 account numbers.

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**Section 110. TABLE D DEFINITIONS OF EXPENDITURE DIMENSIONS****"Fiscal Year"**

Fiscal year denotes a twelve-month period of time to which the annual budget applies and at the end of which an LEA determines its financial position and the results of its operations. The terminal digit of the applicable year designates the code.

"Code"	"Descriptor"
8	FY 1987-1988
9	FY 1988-1989
0	FY 1989-1990
1	FY 1990-1991
2	FY 1991-1992
3	FY 1992-1993
4	FY 1993-1994
5	FY 1994-1995
6	FY 1995-1996
7	FY 1996-1997

**"Funds"**

Funds are independent fiscal and accounting entities requiring their own set of accounts and records. Each fund relates to a specific activity or objective.

Complete explanations for each of the following funds have already been listed in Table A of this Part:

- 10 – Educational Fund
- 20 – Operations and Maintenance Fund
- 30 – Bond and Interest Fund
- 40 – Transportation Fund
- 50 – Municipal Retirement/Social Security Fund
- 60 – Site and Construction and Capital Improvements Fund
- 70 – Working Cash Fund
- 80 – Rent Fund
- 90 – Fire Prevention and Safety Fund
- 98 – General Fixed Assets Account Group
- 99 – General Long-Term Debt Account Group

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## "Source of Funds"

This dimension describes expenditures in terms of various sources of revenue. It provides the capability of exercising budgetary control and the preparation of reports of categorical programs. The Source of Funds code allows for the gathering of total expenditures for a particular revenue. The following Source of Funds codes have been designated to represent various revenues; however, additional category codes can be added by LEAs, if needed:

- 00 Non-Categorical/Unrestricted
- 01 Tort Immunity
- 02 Site and Construction
- 03 Capital Improvements
- 04 Community College Tuition
- 05 Area Vocational Education Construction
- 06 Summer School
- 08 Special Education Levy
- 10 Driver Education
- 11 Prekindergarten Programs for At-Risk Students
- 12 Special Education
- 13 Special Education – Transportation
- 14 Bilingual
- 15 Reading Improvement Program
- 16 Educational Service Center Operations
- 17 Administrators' Academy
- 18 Staff Development
- 19 Learner Outcomes/Objectives
- 20 Vocational Education – Regular Formula Reimbursement (State)
- 21 Vocational Education – Grants and Contracts (State)
- 22 Vocational Education – Transportation
- 23 Technical Preparation Education (State)
- 24 Department of Rehabilitation Services
- 25 Gifted Education
- 26 Special Education –Extraordinary
- 27 Adult Education –General
- 28 Special Education –Private Facility
- 29 Adult Basic Education – Sec. 10-22.20 of the School Code
- 30 ESEA Chapter 1 – Educationally Deprived
- 31 ESEA Chapter 1 – Handicapped (P.L. 89-313)



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- 32 ESEA Chapter 1 –Migrant
- 33 ESEA Chapter 1 –Neglected and Delinquent
- 34 Special Education –Orphanage
- 35 Special Education –Personnel
- 36 ESEA Chapter 1– Even Start
- 37 Facility Leasing Levy
- 38 Municipal Retirement Levy
- 39 Social Security/Medicare Only Levy
- 40 Temporary Relocation Levy
- 45 IDEA –VI-C – Deaf/Blind
- 46 IDEA –Part B –Preschool Grant
- 47 IDEA –Part B – Room and Board Reimbursement
- 48 IDEA –Part B – Discretionary Programs
- 49 IDEA – Part B – Flow-Through
- 50 ESEA, Title VII – Bilingual
- 60 ESEA –Chapter 2, Block Grant
- 65 Capital Development Board
- 70 Carl D. Perkins Vocational and Applied Technology Act of 1990, P.L. 101-392, Title II, Part A – State Leadership
- 71 Carl D. Perkins Vocational and Applied Technology Act of 1990, P.L. 101-392, Title II, Part B –Single Parents
- 72 Carl D. Perkins Vocational and Applied Technology Act of 1990, P.L. 101-392, Title II, Part B – Sex Equity
- 73 Carl D. Perkins Vocational and Applied Technology Act of 1990, P.L. 101-392, Title II, Part C – Secondary
- 74 Carl D. Perkins Vocational and Applied Technology Act of 1990, P.L. 101-392, Title III, Part B – Consumer and Homemaking
- 75 Carl D. Perkins Vocational and Applied Technology Act of 1990, P.L. 101-392, Title III, Part E – Technical Preparation
- 76 Carl D. Perkins Vocational and Applied Technology Act of 1990, P.L. 101-392, Title III, Part F – Facilities and Equipment
- 77 Emergency School Assistance Program (Federal)
- 79 Community Action Program – O.E.O. (20 U.S.C. 3961 et seq.)
- 80 Head Start
- 81 P.L. 81-815 – Construction
- 84 School Lunch Program
- 85 School Lunch Program – Nonfood Assistance (Equipment)
- 86 School Lunch Program – Nutrition Education/Training Act
- 87 ESEA, Title II, Dwight D. Eisenhower Mathematics and Science Education

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## Act

- 88 Education for Economic Security Act (EESA), P.L. 98-377, Title VI – Excellence in Education (20 U.S.C. 4031 et seq.)
- 89 Emergency Immigrant Education Assistance, P.L. 98-151
- 93 Transition Programs for Refugee Children
- 94 JTPRA (Job Training and Partnership Reform Act)

## "Instructional Organization"

The general types of schools or other organizational entities providing instruction are included in this dimension. An instructional organization is coded by a single digit. It is recognized that the instructional organization suggested here may not coincide with that being used in all LEAs, but it does provide basic subdivisions for any organizational structure. Wherever it does not comply exactly, being in more detail or less, school officials can combine subdivisions or omit some as applicable. Comparability is improved by using the same structure for reporting purposes throughout the nation. In the following definitions, "grade span" can be changed to "age span" when structuring a nongraded school or local educational agency.

"Code"	"Descriptor"
0	"Districtwide"
1	"Elementary School" A school composed of any span of grades not above grade eight, including kindergarten.
2	"Middle or Junior High School" A separately organized and administered school, usually beginning with grades 6 or 7 or their equivalent and including at least two grades or years. Most middle/junior high schools consist of two or three grades spanning the years between an elementary and high school, as in a 4-4-4 plan, a 6-2-4 plan, or 6-3-3 plan.
3	"High School/Secondary" A school comprising any span of grades beginning with the next grade following an elementary or middle/junior high school and ending with or below grade 12. This includes three-year and four-year vocational and technical high schools separately organized under the direction and management of an administrator for the primary purpose of offering education and training in one or more semi-skilled, skilled, or technical occupations.

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- 4 "Adult/Continuing Education School" A school for adults and out-of-school youth. This includes adult basic schools, advanced adult schools, and occupational schools.
- 5 "Pre-school" A program organized to provide educational experiences for children during the year or years preceding kindergarten and which is part of an elementary school program under the direction of a qualified teacher.
- 9 "Other" A school which does not fit into one of the above descriptions.

## "Operational Unit"

The term Operational Unit is used to denote the location of education activities for organizational purposes. It is the site of a physical plant which houses an organizational unit. These units correspond to individual schools, in most cases, and can be used to designate school cost centers. Budgets and expenditures may be made for each school or operational unit. Such units are locations of specific schools, of transportation, of administration, of warehouses, etc. Following are examples of Operational Units and codes:

"Code"	"Descriptor"
01	Adams Elementary School
02	King Middle School
03	Santa Maria High School
04	Lincoln Vocational-Technical School
05	Davis Junior College
06	Central Administrative Office
07	Main Warehouse
08	Main Bus Garage

## "Functions"

Function means the action or purpose for which a person or thing is used or exists. Function includes the activities or actions which are performed to accomplish the objectives of the enterprise. The activities of a local school system are classified into six broad areas or functions; Instruction, Support Services, Community Services, Non-Programmed Charges, Debt Service, and Provisions for Contingencies. Within these functions, the phrase "Service Area Direction" means the activities associated with directing and managing a specified service area.

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"Code"	"Descriptor"
1000	"Instruction" Instruction includes the teaching of pupils, or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving cocurricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or assistants of any type that assist in the instructional process.
1100	"Regular Programs" Instructional activities designed primarily for pupils (in elementary, middle/junior high, or high schools) who do not require special programs such as those designed for gifted, vocational, limited English proficient, and handicapped students
1110	"Elementary"
1120	"Middle/Junior High"
1130	"High School"
1200	"Special Education Programs" Special instruction and resource programs required by a student due to his/her disability; includes special services, special materials, and special equipment required by the students as authorized in Article 14 of the School Code.
1201	"Severe/Profound Mentally Handicapped (S/PMH)"
1202	"Trainable Mentally Handicapped (TMH)"
1203	"Educable Mentally Handicapped (EMH)"
1204	"Physically Handicapped (PH)"

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- 1205 "Learning Disabled (LD)"
- 1206 "Visually Impaired (VI)"
- 1207 "Hard of Hearing (HH)"
- 1208 "Deaf (D)"
- 1209 "Deaf and Blind (DB)"
- 1210 "Speech and Language Impaired (SLI)"
- 1211 "Educationally Handicapped (EH)"
- 1212 "Behavior Disordered (BD)"
- 1213 "Other Health Impairment (OHI)"
- 1214 "Early Childhood (EC)"
- 1215 "Infant/Toddler (I/T)"
- 1216 "Autistic"
- 1217 "Traumatic Brain Injury (TBI)"
- 1220 "Cross-Categorical (CC)"
- 1250 "Educationally Deprived/Remedial Programs" Supplementary programs to increase the educational opportunities of eligible children, such as ESEA Chapter 1, children. Programs are usually in areas of basic instruction such as reading and/or mathematics.
- 1300 "Adult/Continuing Education Programs" Learning experiences designed to develop knowledge and skills to meet immediate and long-range educational objectives for adults who have completed or interrupted their formal schooling. Programs include activities to foster the development of fundamental tools of learning, to prepare for a postsecondary career, to prepare for postsecondary

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education programs, to upgrade occupational competencies, to prepare for a new or different career, to develop skills and appreciation for special interests, or to enrich the aesthetic qualities of a student's life.

- 1310 "Adult Education"
- 1320 "Advanced Adult Education"
- 1330 "Occupational"
- 1340 "Upgrading in Current Occupation"
- 1350 "Retraining for New Occupation"
- 1360 "Special Interest"
- 1370 "Life Enrichment"
- 1390 "Other Adult/Continuing Education"
- 1400 "Vocational Programs" Instruction provided to develop the knowledge, skills and attitudes needed for employment in an occupational area. This includes all programs approved in the local district's plan for vocational education.
- 1401 "Agricultural Occupations" Instruction for the purpose of enabling students to have the background, knowledge and skills necessary for entry into a wide range of occupations in agricultural production, agricultural supplies and services, agricultural mechanics, agricultural products, and ornamental horticulture.
- 1403 "Renewable Natural Resources" Instruction for the purpose of preparing students for entry level employment in the areas of conservation, fishing and fisheries, forestry, and wildlife management.

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- 1404 "Environmental Design" Instructional programs that describe methods to create, adapt, alter, preserve, and control mankind's physical and social surroundings.
- 1406 "Business and Management" Instruction for the purpose of preparing students to perform activities, including: buying, selling, appraising, renting, managing and leasing of real property for managerial functions, and ownership principles involved in operating a small business.
- 1407 "Business and Office" Instruction to prepare individuals for planning, organizing, directing and controlling business office systems and procedures. Includes instruction in preparing, transcribing, systematizing, and preserving written communications and records; preparing and analyzing financial records; collecting accounts and receiving and disbursing money; gathering, processing and distributing information and mail; operating office machines and electronic data processing equipment accounting for inventories; and operating telephones and switchboards.
- 1408 "Marketing and Distribution" Instruction to prepare students for occupations in marketing, sales, distribution, merchandising and management of the provision of industrial and consumer goods or services. These instructional programs prepare individuals to perform marketing functions, such as selling, buying, pricing, promoting, financing, transporting, storing, market research, and marketing management.
- 1409 "Communications" Instruction to prepare individuals for the creation, execution, transmission and evaluation of commercial messages designed to promote the sale of products and services.
- 1410 "Communication Technologies" Instructional programs that prepare individuals to assist communication professionals and skilled communication workers. Programs stress specialized, practical knowledge related to the mechanical, scientific, or technical aspects of communications.

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- 1412 "Consumer, Personal, and Miscellaneous Services" Instructional programs that prepare individuals to provide a variety of services to individual consumers as well as to organizations such as businesses and industries.
- 1415 "Engineering and Engineering-Related Technologies" Instructional programs that prepare individuals to support and assist engineers and other professionals in the field of engineering. Programs stress specialized, practical knowledge related to the mathematical, scientific, or technical aspects of engineering and its related sciences.
- 1417 "Health Occupations" (e.g., L.P.N., dental technician) Instruction to provide students with the health occupations knowledge, skills and attitudes necessary for meaningful employment and/or to pursue further health occupations education.
- 1420 "Occupation of Homemaking" Instruction to help students acquire the knowledge, skills, attitudes and behaviors necessary for making satisfying personal, family and workplace decisions concerning food, clothing, shelter, parenting, child rearing, interpersonal relationships and resource management.
- 1421 "Home Economics Occupations" Instruction to help students acquire the competence needed to secure employment and/or prepare for advancement in occupations utilizing home economics knowledge and skills, such as food production, child care and guidance, and fashion/fabric coordination.
- 1443 "Protective Services" Instructional programs that describe the principles and procedures for providing police, fire, and other safety services, and for managing penal institutions.
- 1446 "Construction Trades" Instructional programs that prepare individuals to erect, install, maintain and repair buildings, highways, airports and other structures using a variety of materials. Includes instruction in cost estimating, in the use of tools, and in following technical specifications and blueprints.



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- 1447 "Mechanics and Repairers" Instructional programs that prepare individuals in the adjustment, maintenance, part replacement, and repair of tools, equipment, and machines.
- 1448 "Precision Production" Instructional programs that prepare individuals to produce precision goods and materials by hand or machine; includes instruction in interpreting detailed plans and specifications.
- 1449 "Transportation, Aviation and Material Moving" Instructional programs that prepare individuals to operate and control equipment used to transport people or materials.
- 1459 "Special Programs" Vocational Education programs entitled: Cooperative Training, Interrelated Cooperative Education, and Experienced-Based Education.
- 1500 "Interscholastic Programs" Cocurricular activities which supplement the regular instructional program, such as athletics, band, chorus, and speech.
- 1600 "Summer School Programs" Instructional activities that are not embraced within the regular school term.
- 1650 "Gifted Programs" Special learning experiences for pupils identified as being gifted or talented as defined in 23 Ill. Adm. Code 227.10 (Gifted Education).
- 1800 "Bilingual Programs" Special learning experiences for pupils receiving services pursuant to the provisions of 23 Ill. Adm. Code 228 (Transitional Bilingual Education).
- 1900 "Truants' Alternative and Optional Programs" Modified instructional programs provided to students pursuant to the provisions of 23 Ill. Adm. Code 205 (Truants' Alternative and Optional Education Programs).
- 2000 "Support Services" Services which provide administrative, technical (such as guidance and health), and logistical support to

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facilitate and enhance instruction. Support Services are adjuncts to the fulfillment of the objectives of instruction.

- 2100 "Support Services – Pupils" Those activities which are designed to assess and improve the well-being of pupils and to supplement the teaching process.
- 2110 "Attendance and Social Work Services" Activities for the improvement of pupils' attendance at school and the performance of school social work activities dealing with the problems of pupils which involve the home, school, and community.
- 2111 "Service Area Direction"
- 2112 "Attendance Services" Activities such as prompt identification of patterns of nonattendance, early action on these problems, and enforcement of compulsory attendance laws.
- 2113 "Social Work Services" Activities such as investigating, diagnosing, and attempting to resolve pupil problems arising out of the home, school, or community.
- 2114 "Pupil Accounting Services" Those activities of acquiring and maintaining records of school attendance, location of home, and other pupil data.
- 2119 "Other Attendance and Social Work Services" Attendance and Social Work Services other than those described above.
- 2120 "Guidance Services" The activities of counseling with pupils and parents, providing consultation with other staff members on learning problems, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for pupils.

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- 2121 "Service Area Direction"
- 2122 "Counseling Services" Activities in which counselors help pupils to understand their educational, personal, and occupational strengths and limitations; to relate their abilities, emotions and aptitudes to educational and career opportunities; to utilize their abilities in formulating realistic plans; and to achieve satisfying personal and social development.
- 2123 "Appraisal Services" Activities to assess pupil characteristics, which are used in administration, instruction, and guidance, and which assist the pupil in assessing his/her purposes and progress in career and personality development.
- 2124 "Information Services" Activities organized for the dissemination of educational, occupational, and personal-social information to help acquaint pupils with the curriculum and with educational and vocational opportunities and requirements. Such information might be provided directly to pupils through activities such as group or individual guidance, or it might be provided indirectly to pupils, through staff members or parents.
- 2125 "Record Maintenance Services" Activities organized for the compilation, maintenance, and interpretation of cumulative records of individual pupils, including the following:
- Home and Family Background
  - Physical and Medical Status
  - Standardized Test Results
  - Personal and Social Development
  - School Performance
- 2126 "Placement Services" Activities organized to help place pupils in appropriate educational situations while they are in school, in appropriate part-time employment while they are in school, and in appropriate educational and occupational situations after they leave school, and to facilitate pupils' transition from one educational experience to another. This may include, for example, admissions counseling, referral services, assistance with

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records, and follow-up communications with employers.

- 2129 "Other Guidance Services" Guidance services which cannot be classified above.
- 2130 "Health Services" Physical and mental health services which are not direct instruction. Included are activities that provide pupils with appropriate medical, dental, and nurse services.
- 2131 "Service Area Direction"
- 2132 "Medical Services" Activities concerned with the physical and mental health of pupils, such as health appraisal, including screening for vision, communicable diseases, and hearing deficiencies; screening for psychiatric services; periodic health examinations; emergency injury and illness care; and communications with parents and medical officials.
- 2133 "Dental Services" Activities associated with dental screening, dental care, and orthodontic activities.
- 2134 "Nurse Services" Activities associated with nursing which are not instruction, such as health inspection, treatment of minor injuries, and referrals for other health services.
- 2139 "Other Health Services" Health Services not classified above.
- 2140 "Psychological Services" Activities concerned with administering psychological tests and interpreting the results, gathering and interpreting information about pupil behavior, working with other staff members in planning school programs to meet the special needs of pupils as indicated by psychological tests, and behavioral evaluation and planning and managing a program of psychological services, including psychological counseling for pupils, staff, and parents.
- 2141 "Service Area Direction"

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- 2142 "Psychological Testing Services" Activities concerned with administering psychological tests, standardized tests and inventory assessments of ability, aptitude, achievement, interests and personality and their interpretation for pupils, school personnel, and parents.
- 2143 "Psychological Counseling Services" Activities between a school psychologist or other qualified counselor and one or more pupils in which the pupils are helped to perceive, clarify, and resolve problems of adjustment and interpersonal relationships.
- 2144 "Psychotherapy Services" Activities between a qualified mental health professional and one or more pupils, in which the pupils are helped to perceive, clarify, and resolve emotional problems or disorders.
- 2149 "Other Psychological Services" Other activities associated with Psychological Services not classified above.
- 2150 "Speech Pathology and Audiology Services" Activities which have as their purpose the identification, assessment, and treatment of children with impairments in speech, hearing, and language.
- 2151 "Service Area Direction"
- 2152 "Speech Pathology Services"
- 2153 "Audiology Services"
- 2159 "Other Speech Pathology and Audiology Services" Other activities associated with Speech Pathology and Audiology Services not classified above.
- 2190 "Other Support Services – Pupils" Other support services (pupils) not classified in 2100 thru 2159 series. Expenditures that may be included are: therapists, crossing guards, graduation, student assembly programs, monitors for playgrounds, study halls, etc.

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- 2200 "Support Services – Instructional Staff" Activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.
- 2210 "Improvement of Instruction Services" Activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the instructional process.
- 2211 "Service Area Direction"
- 2212 "Instruction and Curriculum Development Services" Activities designed to aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate pupils.
- 2213 "Instructional Staff Training Services" Activities designed to contribute to the professional competence of the instructional staff, including workshops, demonstrations, school visits, courses for college credit, sabbatical leaves, and travel leaves.
- 2220 "Educational Media Services" Activities related to media resource centers and concerned with the use of all teaching and learning resources, including hardware, and content materials. Educational media are defined as any devices, content materials, methods, or experiences used for teaching and learning purposes. These include printed and nonprinted sensory materials.
- 2221 "Service Area Direction"
- 2222 "School Library Services"
- 2223 "Audio Visual Services"
- 2224 "Educational Television Services"
- 2225 "Computer-Assisted Instruction Services"

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- 2230 "Assessment and Testing" Activities carried out for the purpose of measuring individual student achievement. The information obtained is generally used to monitor individual and group progress in reaching district learning goals to compare individual and group performance with national norms established by test publishers.
- 2300 "Support Services – General Administration" Activities concerned with establishing and administering policy in connection with operating the local education agency.
- 2310 "Board of Education Services" Activities of the elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a given administrative unit.
- 2311 "Service Area Direction" Activities concerned with directing and managing the general operation of the Board of Education. Included are the activities of executives of the Board of Education, such as the Executive Secretary, but not included are any special activities defined in the other areas of responsibility described below. It also includes activities performed in support of school district meetings, legal activities, general liability situations, and audit services.
- 2312 "Board Secretary Services" Activities required to perform the duties of the Secretary or Clerk of the Board of Education.
- 2313 "Board Treasurer Services" Activities required to perform the duties of Treasurer of the Board of Education.
- 2314 "Election Services" Services rendered in connection with any school system election, including elections of officers and bond elections.
- 2316 "Staff Relations and Negotiation Services" Activities concerned with staff relations systemwide and the responsibilities for contractual negotiations with both instructional and noninstructional personnel.

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- 2320 "Executive Administration Services" Activities associated with the overall management of the LEA.
- 2321 "Office of the Superintendent Services" Activities performed by the superintendent and such assistants as deputy, associate, and assistant superintendents, in their management of the LEA. This includes all personnel and materials in the office of the chief executive officer. Activities of the offices of the deputy superintendent and associate or assistant superintendents should be charged here unless job duties indicate another function is more appropriate. When two or more Service Areas are directed by the same individual, the services of that individual's office are prorated between the Service Areas concerned.
- 2324 "State and Federal Relations Services" Activities of developing and maintaining good relationships with state and federal officials. The activities associated with grant procurement are included.
- 2330 "Special Area Administrative Services" Activities concerned with supervisory responsibilities for federal programs, special programs, and/or title programs not included in the preceding functions. When the same individual directs both special programs and other service areas, the services of that individual should be prorated between the proper areas.
- 2400 "Support Services – School Administration" Activities concerned with overall administrative responsibility for a single school or a group of schools.
- 2410 "Office of the Principal Services" Activities concerned with managing a particular school, including the activities of the Principal, Assistant Principals, and other assistants in general supervision of all operations of the school, and including clerical staff for these activities.



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- 2490 "Other Support Services-School Administration" Includes activities performed by persons usually classified as department heads or deans within schools and other school administration services which cannot be recorded under the preceding functions.
- 2500 "Support Services – Business" Activities concerned with accounting, purchasing, paying, transporting, exchanging, and maintaining goods and services for the LEA, including internal business services for operating all schools.
- 2510 "Direction of Business Support Services" Activities concerned with directing and managing the Business Services Area, such as those usually performed by the Office of the Chief School Business Official or Business Manager.
- 2520 "Fiscal Services" Activities concerned with the fiscal operations of the LEA. This function includes budgeting, receiving and disbursing, bookkeeping, financial accounting, payroll, inventory control, and internal auditing.
- 2522 "Budgeting Services" Activities concerned with supervising budget planning, formulation, control and analysis.
- 2523 "Receiving and Disbursing Funds Services" Activities concerned with taking in money and paying it out. It includes the handling of receipts, the approval of requisitions or purchase orders to determine whether the amounts are within the budgetary allowances, and to determine that such disbursements are lawful expenditures of LEA funds.
- 2524 "Payroll Services" Activities concerned with making payments to individuals entitled to remuneration for services rendered. Payments are also made for payroll-associated costs related to the payment of income tax, retirement, and social security.
- 2525 "Financial Accounting Services" Activities concerned with maintaining records of the financial operations and transactions of the school system. They include such activities as accounting, and interpreting financial transactions and account records.

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- 2526 "Internal Auditing Services" Activities concerned with verifying the account records, including evaluating the adequacy of the internal control system, verifying and safeguarding assets, reviewing the reliability of accounting and reporting procedures, and ascertaining their compliance with policies.
- 2527 "Property Accounting Services" Activities concerned with preparing and maintaining a current inventory of land, buildings, and equipment. These records are to be used in equipment control and facilities planning.
- 2530 "Facilities Acquisition and Construction Services" Activities concerned with: acquisition of land and buildings; remodeling buildings; construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.
- 2531 "Service Area Direction"
- 2532 "Land Acquisition and Development Services" Activities concerned with the acquisition of sites and improvements thereon.
- 2533 "Architectural and Engineering Services" The activities of architects and engineers related to land acquisition and improvement and to improvements to buildings.
- 2534 "Educational Specifications Development Services" Activities concerned with preparing and interpreting, for architects and engineers, descriptions of specific space requirements for the various learning experiences of pupils to be accommodated in a building.
- 2535 "Building Acquisition, Construction, and Improvements Services" Activities concerned with building acquisition through purchase or construction and building improvements, including initial installation or extension of service systems and other built-

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in equipment as well as building additions.

- 2540 "Operation and Maintenance of Plant Services" Activities concerned with keeping the physical plant (i.e., grounds, buildings, and equipment) in an effective and safe working condition. This includes activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.
- 2541 "Service Area Direction"
- 2542 "Care and Upkeep of Buildings Services" Activities concerned with keeping the physical plant clean and ready for daily use, including operating the fixed heating, lighting, and ventilating systems, and repairing and replacing facilities and equipment.
- 2543 "Care and Upkeep of Grounds Services" Activities of properly maintaining land and its improvements other than buildings.
- 2544 "Care and Upkeep of Equipment Services" Activities of properly maintaining movable equipment owned or used by the LEA, including servicing and repairing furniture, machines, and other movable equipment.
- 2545 "Vehicle Servicing and Maintenance Services (Other Than Student Transportation Vehicles)" Activities of maintaining in good condition general purpose vehicles such as trucks, tractors, graders, and staff vehicles.
- It includes such activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, and inspecting vehicles for safety, i.e., preventive maintenance.
- 2546 "Security Services" Activities concerned with maintaining order and safety at all times in school buildings, and on school grounds and their vicinity. Included are police activities for school functions, traffic control on school grounds and their vicinity, building alarm systems and hall monitoring security services.

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- 2549 "Other Operation and Maintenance of Plant Services" Activities which cannot be classified under the preceding areas of responsibility. Building insurance should be charged to this function.
- 2550 "Pupil Transportation Services" Activities concerned with conveying pupils to and from school as provided by Article 29 of the School Code (Ill. Rev. Stat. 1991, ch. 122, par. 29-1 et seq.) [105 ILCS 5/29-1 et seq.]. It includes trips between home and school and trips to school activities.
- 2551 "Service Area Direction"
- 2552 "Vehicle Operation Services" Activities of operating vehicles for pupil transportation from the time the vehicles leave the point of storage until they return to the point of storage. It includes fueling and driving buses or other pupil transportation vehicles.
- 2553 "Monitoring Services" Activities concerned with supervising pupils being transported between home and school and between school and school activities. Activities include pupil supervision while in transit, while being loaded and unloaded, and directing traffic at the loading and unloading stations.
- 2554 "Vehicle Servicing and Maintenance Services" Activities to properly maintain pupil transportation vehicles, including repairing and replacing vehicle parts, cleaning, painting, greasing, and inspecting vehicles for safety. Replacing a vehicle's chassis or body is considered to be equipment and is charged to Capital Outlay.
- 2559 "Other Pupil Transportation Services" Pupil Transportation Services which cannot be classified under the preceding areas of responsibility.
- 2560 "Food Services" Those activities concerned with providing food to pupils and staff in a school or LEA. This service area includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities, and the

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delivery of food.

- 2561 "Service Area Direction"
- 2562 "Food Preparation and Dispensing Services"
- 2563 "Food Delivery Services"
- 2569 "Other Food Services" Includes Food Services activities which cannot be classified under the preceding areas of responsibility
- 2570 "Internal Services" Those activities concerned with buying, storing, and distributing supplies, furniture, and equipment; those activities concerned with internal duplicating and printing for the school system and the pickup and transporting of cash from school facilities to the central administrative office, or bank, for control and/or deposit.
- 2571 "Service Area Direction"
- 2572 "Purchasing Services"
- 2573 "Warehousing and Distributing Services"
- 2574 "Printing, Publishing, and Duplicating Services"
- 2600 "Support Services – Central" Activities, other than general administration, which support each of the other instructional and supporting services programs. These activities include planning, research, development, evaluation, information, staff, statistical, and data processing services.
- 2610 "Direction of Central Support Services" Activities concerned with directing and managing the central support services as a group.
- 2620 "Planning, Research, Development, and Evaluation Services" Those activities, on a systemwide basis, associated with conducting and managing programs of planning, research,

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development, and evaluation for a school system.

- 2621 "Service Area Direction"
- 2622 "Development Services"
- 2623 "Evaluation Services"
- 2624 "Planning Services"
- 2625 "Research Services"
- 2630 "Information Services" Those activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to pupils, staff, managers, or to the general public through direct mailing, the various news media, or personal contact.
- 2631 "Service Area Direction"
- 2632 "Internal Information Services"
- 2633 "Public Information Services"
- 2634 "Management Information Services"
- 2640 "Staff Services" Activities generally performed by the LEA personnel office, such as recruiting and placement, staff transfers, inservice training, health services, and staff accounting.
- 2641 "Service Area Direction"
- 2642 "Recruitment and Placement Services" Those activities concerned with employing and assigning personnel for the LEA.
- 2643 "Staff Accounting Services" Services rendered in connection with the systematic recording and summarizing of information relating to staff members employed by the LEA.

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- 2644 "Inservice Training Services (for Noninstructional Staff)" The activities developed by the LEA for training of noninstructional personnel in all classifications.
- 2645 "Health Services" Those activities concerned with medical, dental and nurse services provided for school district employees. Included are physical examinations, referrals and emergency care.
- 2660 "Data Processing Services" Activities concerned with preparing data for storage, sorting data, and retrieving them for reproduction as information for management and reporting.
- 2661 "Service Area Direction"
- 2662 "Systems Analysis Services" Activities concerned with the search for an evaluation of alternatives which are relevant to defined objectives. Based on judgment, and, wherever possible, on quantitative methods. Where applicable, they pertain to the development of data processing procedures or application to electronic data processing equipment.
- 2663 "Programming Services" Activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data and the preparation of coded instructions and data for such sequences.
- 2664 "Operations Services" Activities concerned with scheduling, maintaining, and producing data. These activities include operating data preparation devices and data processing machines.
- 2665 "Statistical Services" Activities concerned with producing statistical data for reports, for program studies, and for management use.
- 2669 "Other Data Processing Services" Activities concerned with data processing which are not described above.

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- 2900 "Other Support Services" Activities of any support service or classification of services, general in nature, which cannot be classified in the preceding functions.
- 3000 "Community Services" Services provided by the LEA for the community as a whole or some segment of the community, such as community recreation programs, civic organization activities, public libraries, programs of custody and child care, welfare services, nonpublic school pupil services, and home/school services.
- 3100 "Direction of Community Services" Activities concerned with directing and managing community services activities.
- 3200 "Community Recreation Services" Activities include organizing and supervising playgrounds, swimming pools, and other recreation programs for the community.
- 3300 "Civic Services" Services provided in support of civic affairs or organizations including services to parent-teacher association meetings, public forums, lectures, and for civil defense planning.
- 3400 "Public Library Services" Activities related to the operation of public libraries by an LEA, or the provision of library services to the general public through the school library.
- 3500 "Custody and Child Care Services" Providing programs for the custodial care of children in residential day schools, or child care centers which are not part of, or directly related to the instructional program, and where the attendance of the children is not included in the attendance figures for the LEA.
- 3600 "Welfare Activities Services" Providing services for individuals who have been designated as needy by an appropriate governmental entity, including stipends for school attendance, salaries paid to pupils for work performed, whether for the LEA or for an outside concern, and for clothing, food, or other personal needs.



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- 3700 "Nonpublic School Pupils Services" Services to pupils attending a school established by an agency other than the state, subdivision of the state or the federal government, which usually is supported primarily by nonpublic funds. The services include providing instructional services, attendance and social work services, health services, and transportation services for nonpublic school pupils.
- 3800 "Home/School Services" Services, usually provided in the home, which are designed to provide school readiness training to preschool children and their parents or to help parents provide educational support to their children of school age.
- 3900 "Other Community Services" Services provided the community which cannot be classified under the preceding functions.
- 4000 "Nonprogrammed Charges" All payments to other LEAs.
- 4100 "Payments to Other Governmental Units (In-State)" Payments to in-state LEAs, generally for tuition, transportation, and all other services rendered to pupils residing in the paying LEA. Where a nonoperating district pays an operating district for the education of pupils, the nonoperating district records such payments here. Flow-through funds – where payment is received by an LEA and a portion is transferred to one or more other LEAs – use with object 720. (Expenditures in this function are not counted in state expenditure totals.)
- 4110 "Payments for Regular Programs" Payments made to LEAs, generally for tuition, services, and transportation related to regular education programs.
- 4120 "Payments for Special Education Programs" Payments made to LEAs, generally for tuition, services, and transportation related to special education programs.
- 4130 "Payments for Adult/Continuing Education Programs" Payments made to LEAs, generally for tuition, services, and transportation related to adult/continuing education programs.

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- 4140 "Payments for Vocational Education Programs" Payments made to LEAs, generally for tuition, services, and transportation related to vocational education programs.
- 4170 "Payments for Community College Programs" Payments made to community colleges for the cost of tuition or services provided by the college.
- 4190 "Other Payments to In-State Governmental Units" Other payments made to in-state governmental units not classified under preceding functions (e.g., payments to Educational Service Centers, Educational Service Regions, and the State Board of Education).
- 4200 "Payments to Other Governmental Units (State, Out-of-State)" Payments to out-of-state LEAs for services rendered to pupils residing in the paying LEAs, generally for tuition and transportation. Where a governmental unit in one state collects money from a nonoperating district for the education of pupils from the nonoperating district and pays it to an operating district in another state, the nonoperating district records such payments here. (These are not counted in national totals of expenditures.)
- 5000 "Debt Services" Servicing of the debts of an LEA.
- 5100 "Debt Services – Interest"
- 5110 "Tax Anticipation Warrants" Those activities involving interest on anticipation warrants.
- 5120 "Tax Anticipation Notes" Those activities involving interest on anticipation notes.
- 5130 "Teachers' Orders" Those activities involving interest on teachers' orders.

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5140	"Bonds" Those activities involving interest on bonds.
5150	"Corporate Personal Property Replacement Tax Anticipation Notes" Those activities involving interest on the CPPRT Anticipation Notes.
5160	"State Aid Anticipation Certificates" Those activities involving interest on state aid anticipation certificates.
5190	"Other Interest" Those activities involving interest on other LEA debts.
5200	"Debt Services – Bond Principal Retired" Those activities involving the retirement of the bonded indebtedness of the LEA.
5300	"Debt Services – Financing Agreement Principal Retired" Those activities involving payment towards the retirement of financial agreements.
5900	"Debt Services – Other" Those debt services activities of the LEA not classified above.
6000	"Provision for Contingencies" This is not an account for recording entries, but the number would be used in the budget as a means of identifying the amount of the contingency provision.
8000	"Other Financing Uses"
8100	"Transfers to other Funds" Permanent transfers made from one fund to another fund, as authorized in the School Code and approved by the LEA board. These transfers are made with no expectation of repayment. All transfers use object 710.
8110	"Permanent Transfer of Working Cash Fund" The transfer to the Educational Fund when the Working Cash Fund is abolished as authorized in Section 20-8 of the School Code.
8120	"Permanent Transfer of Interest from Working Cash Fund" The permanent transfer of interest to the Educational; the Operations

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and Maintenance; and Transportation Funds from the Working Cash Fund as authorized in Section 20-5 of the School Code.

- 8130 "Permanent Transfer from Educational Fund" The permanent transfer to the Operations and Maintenance Fund of monies in restricted amounts by LEAs meeting certain conditions as authorized in Section 17-2A of the School Code.
- 8140 "Permanent Transfer of Interest" Permanent transfer of interest as authorized in Sec. 10-22.44 of the School Code.
- 8150 "Permanent Transfer from Site and Construction and Capital Improvements Fund" The transfer of bond proceeds remaining in the Site and Construction and Capital Improvements Fund to the Operations and Maintenance Fund after the purposes for which the bonds have been issued have been accomplished and paid in full (Section 10-22.14 of the School Code).
- 8160 "Permanent Transfer of Excess Accumulated Fire Prevention and Safety Tax Proceeds and Interest Earnings" The transfer of tax proceeds remaining in the Fire Prevention and Safety Fund to the Operations and Maintenance Fund after the purposes for which the taxes were levied have been accomplished and paid in full. (Section 17-2.11 of the School Code.)
- 8170 "Permanent Transfer of Excess Accumulated Fire Prevention and Safety Bond Proceeds and Interest Earnings" The transfer of bond proceeds remaining in the Fire Prevention and Safety Fund to the Bond and Interest Fund after the purposes for which the bonds were issued have been completed and paid in full. (Section 10-22.14 of the School Code.)
- 8190 "Other Uses" Other miscellaneous financing uses that cannot be classified in preceding 8000 account numbers.

"Object and Subobject"

Object means the service or commodity obtained as the result of a specific expenditure. There are eight object categories, each of which is further subdivided into subobjects. Following are

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definitions of the object and subobject categories:

"Code"	"Descriptor"
100	"Salaries" Amounts paid to permanent, temporary or substitute employees on the payroll of the LEA. This includes gross salary for personal service rendered while on the payroll of the LEA.
110	"Regular Salaries" Full-time, part-time, and prorated portions of the costs for work performed by employees of the LEA who are considered to be in positions of a permanent nature.
120	"Temporary Salaries" Full-time, part-time and prorated portions of the costs for work performed by employees of the LEA who are hired on a temporary or substitute basis to perform work in temporary positions.
130	"Overtime Salaries" Amounts paid to employees of the LEA in permanent or temporary positions for work performed in addition to the normal work period for which the employee is compensated under Regular Salaries or Temporary Salaries above.
200	"Employee Benefits" Amounts paid by the LEA on behalf of employees; these amounts are not included in the gross salary, but are over and above. Such payments are fringe benefits, and while not paid directly to the employees, nevertheless are a part of the cost (to the applicable functional areas). These types of costs are not considered a cost to the board of education function and should not all be charged to one area. These costs apply to the same function number as the cost of the applicable salary.
210	"Retirement" Amounts paid by the LEA for employees' retirement.
211	"Teachers Retirement" Amounts paid by the LEA to the Illinois Teacher's Retirement System (TRS) for certificated employees.

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- 212 "Municipal Retirement" Amounts paid as the employer's share to the Illinois Municipal Retirement Fund (IMRF) for noncertificated employees' retirement.
- 213 "Federal Insurance Contribution Act" Amounts paid as the employer's share for federal insurance contributions for applicable certificated and noncertificated employees' social security. (FICA)
- 214 "Medicare Only" Amounts paid as the employer's share for the Medicare Only contributions for applicable employees (those who do not contribute to FICA but are required by law to contribute the Medicare Only portion of FICA).
- 215 "TRS Early Retirement" Amount paid as the employer's portion of the early retirement contribution required by Section 16-133.2, Section 16-133.4, and Section 16-133.5 of the Illinois Pension Code (Ill. Rev. Stat. 1991, ch. 108½, pars. 16-133.2, 16-133.4, and 16-133.5) [40 ILCS 5/16-133.2, 16.133.4 and 16-133.5]. Appropriate salary function is charged, as with other employee benefits.
- 220 "Insurance" Employer's share paid by the LEA.
- 221 "Life Insurance" Employer's share paid by the LEA for life insurance.
- 222 "Medical Insurance" Employer's share paid by the LEA for medical insurance.
- 223 "Dental Insurance" Employer's share paid by the LEA for dental insurance.
- 230 "Tuition Reimbursement" Amount reimbursed by the LEA to any employee qualifying for tuition reimbursement based upon LEA policy.
- 300 "Purchased Services" Amounts paid for personal services rendered by personnel who are not on the payroll of the LEA, and

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other services which the LEA may purchase. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided in order to obtain the desired results.

- 310 "Professional and Technical Services" Services which by their nature can be performed only by persons with specialized skills and knowledge.
- 311 "Professional Services – Administrative" Services provided in support of various policy-making and managerial activities of the LEA. Included would be management consulting activities oriented to general governance, business and financial management of the LEA, and school management support activities.
- 313 "Food – Processing Costs" Services performed by persons or organizations which result in the conversion of donated food(s) into a different food product or the repackaging of donated food(s).
- 314 "Professional Services – Instructional" Services provided in support of instructional programs or activities. Included would be counseling and guidance services, library and media support services, curriculum improvement services, and any other contracted services related to the enhancement of the teaching or instructional process.
- 315 "Food – Contracted" Services provided by a commercial enterprise or a nonprofit organization to manage any aspect of the school food service.
- 316 "Data Processing/Statistical Services" Services performed by persons, organizations or agencies to provide data processing and/or statistical data. This category includes special services for data processing, programming services, analysis, tabulations, or similar work.

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- 317 "Audit/Financial Services" Services performed by auditors, accountants, or firms providing auditing or financial services to the Board of Education.
- 318 "Legal Services" Services rendered in connection with providing counseling and legal services to the Board of Education.
- 319 "Other Professional and Technical Services" Services which are professional and technical in nature which have not been classified above, such as athletic officials and service charges on long-term debt.
- 320 "Property Services" Services purchased to operate, repair, maintain and rent property owned and/or used by the LEA. These services are performed by persons other than LEA employees.
- 321 "Sanitation Services" Expenditures for services to provide garbage collection, trash removal, and exterminating services.
- 322 "Cleaning Services" Services purchased to provide cleaning or laundry services and snow removal.
- 323 "Repairs and Maintenance Services" Expenditures for repairs and maintenance services not provided directly by LEA personnel. This includes contracts and agreements covering the upkeep of grounds, buildings, and equipment. (Costs for new construction, renovating and remodeling are not included here, but are considered under Capital Outlay.)
- 325 "Rentals" Expenditures for leasing or renting supplies, land, buildings, and equipment for both temporary and long-range use of the LEA. This includes bus and other vehicle rental when operated by the LEA, lease of data processing equipment, lease-purchase arrangements, and similar rental agreements. Costs for single agreements covering equipment as well as operators are not included here, but are considered elsewhere under Purchased Services (see Transportation, Printing and Binding, Public Utility Services, Repairs and Maintenance Services).



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- 329 "Other Property Services" Property Services purchased which are not classified above.
- 330 "Transportation Services" Expenditures for transporting children to school and official travel of LEA employees.
- 331 "Pupil Transportation" Expenditures to persons or agencies for the purpose of transporting children to school. These include those expenditures to individuals who transport themselves or their own children or to those children for reimbursement of transportation expenses on a public carrier. Expenditures for the rental of buses which are operated by personnel on the LEA payroll are not recorded here; they are recorded under Purchased Services – Rentals.
- 332 "Travel" Expenditures for transportation, meals, hotel, and other expenses associated with traveling or business for the LEA. Payments for "Per Diem" in lieu of reimbursements for subsistence (room and board) also are charged here.
- 339 "Other Transportation Services" Transportation services other than those classified above.
- 340 "Communication" Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and telegraph services as well as postage machine rental and postage.
- 350 "Advertising" Expenditures for printed or broadcasted announcements in professional periodicals and newspapers or by way of radio and television networks. These expenditures include advertising for such purposes as personnel recruitment, legal ads, new and used equipment sales, and sale of other objects. Costs for professional fees for advertising or public relation services are not recorded here but are charged to professional services.
- 360 "Printing and Binding" Expenditures for job printing and binding, usually according to specifications of the LEA. This includes the design and printing of forms and posters as well as printing and

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binding of LEA publications. Preprinted standard forms are not charged here, but are recorded under Supplies and Materials.

- 370 "Water/Sewer Service" Expenditures to a utility company for water and sewage services.
- 380 "Insurance (Other than employee benefits)" Insurance purchased to protect school board members against loss due to accident or neglect. Expenditures for all types of insurance including liability insurance, property insurance, bond premiums, vehicle insurance, pupil transportation insurance, worker's compensation insurance, and unemployment compensation insurance. (Payments for insurance such as health, life, and dental are employee benefits, and charged under the "200" Objects – Employee Benefits.) Applicable functional areas are charged.
- 390 "Other Purchased Services" Expenditures for all other purchased services not included above, such as election judges.
- 400 "Supplies and Materials" Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated in use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.
- It should be noted that a more thorough classification of expenditures will be achieved by identifying the object with the function; for example, the type of supplies, such as audiovisual supplies or classroom teaching supplies. Should greater detail be desired, the expenditure classification may include subject matter area: mathematics; or a particular supply object can be broken into further subdivisions.
- 410 "General Supplies" Expenditures for all supplies for the operation of an LEA including workbooks, freight, and cartage.
- 420 "Textbooks" Expenditures for prescribed books which are purchased for pupils or groups of pupils, and resold or furnished free to them. This category includes the cost of textbook binding or repairs, as well as the net amount of textbooks which are

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purchased to be resold or rented.

- 430 "Library Books" Expenditures for regular or incidental purchases of library books available for general use by students, including any reference books, even though such reference books may be used solely in the classroom. Also recorded here are costs of binding or other repairs to school library books. The initial purchase of books for a new school library or any materials accessions involving an expansion of the library are recorded under Capital Outlay.
- 440 "Periodicals" Expenditures for periodicals and newspapers for general use. A periodical is defined as any publication appearing at regular intervals of less than a year and continuing for an indefinite period.
- 450 "Warehouse Inventory Adjustment" Expenditures which are the result of a deficit usually found in an audit or count of items held in a store or warehouse inventory. Expenditures for the purchase of these items are generally debited to an Asset account, Inventory of Supplies, and are charged to the proper appropriation as they are requisitioned. Only a loss should be charged to this account. If the physical inventory reflects an average surplus in items, the excess is debited to the Asset account; Inventory.
- 460 "Energy" Expenditures for energy costs, including electricity, gas, oil, coal, gasoline, and other services or supplies related to energy and/or utility costs from a private utility service or public supply company. Included are the transportation costs involved in securing these products or services.
- 461 "Bottled Gas" Expenditures for bottled gas, such as propane gas received in tanks.
- 462 "Oil" Expenditures for bulk oil normally used for heating purposes.

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- 463 "Coal" Expenditures for coal normally used for heating purposes.
- 464 "Gasoline" Expenditures for gasoline purchased in bulk or periodically from a gasoline service station or supplier.
- 465 "Natural Gas" Expenditures for gas utility services from a private or public utility company.
- 466 "Electricity" Expenditures for electric services from a private or public utility company.
- 469 "Other Energy Costs" Other energy supplies and/or utility costs not identified above.
- 470 "Software" Expenditures for the purchase of computer software supplies.
- 490 "Other Supplies and Materials" Expenditures for all other Supplies and Materials not included above.
- 500 "Capital Outlay" Expenditures for the acquisition of fixed assets or additions to fixed assets. They are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.
- 510 "Land" Expenditures for the purchase of land.
- 520 "Buildings" Expenditures for acquiring buildings and additions, either existing or to be constructed. Included are expenditures for installment or lease payments (except interest) which have a terminal date and result in the acquisition of buildings, except payments to public school housing authorities or similar agencies. Expenditures for major permanent structural alterations and the initial or additional installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems, and other service systems in existing buildings are also included.

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- 530 "Improvements Other Than Buildings" Expenditures for the initial and additional improvement of sites and adjacent ways after acquisition by the LEA, consisting of such work as grading, landscaping, seeding, and planting of shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers and storm drains; installing hydrants; initial surfacing and soil treatment of athletic fields and tennis courts; furnishing and installing for the first time fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks which are not parts of building service systems; and demolition work. Special assessments against the LEA for capital improvements such as streets, curbs, and drains are also recorded here.
- 540 "Equipment" Expenditures for the initial, additional, and replacement items of equipment, such as furniture and machinery. In order to differentiate between initial or additional equipment purchases and replacement equipment purchases, subaccounts could be established with those titles.
- 550 "Vehicles" Expenditures for the purchase of conveyances to transport persons or objects.
- 590 "Other Capital Outlay" Expenditures for all other Capital Outlay not classified above.
- 600 "Other Objects" Amounts paid for goods and services not otherwise classified above.
- 610 "Redemption of Principal" Expenditures which are from current funds to retire the principal of bonds.
- 620 "Interest" Expenditures from current funds for interest on serial bonds, tax anticipation notes, tax anticipation warrants and teachers' orders.
- 630 "Housing Authority Obligations" A public school housing authority is a public corporation or quasi-public corporation having power to perform one or more of the following functions: issue authority bonds for public school purposes, construct public

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school buildings, lease public school buildings to local public school administrative units, or transfer titles to such units. All expenditures of this nature are classified in this category.

- 640 "Dues and Fees" Expenditures for assessments or membership in professional or other organizations or associations.
- 650 "Judgments" Expenditures from current funds for judgments against the LEA that are not covered by liability insurance, but are of the type that might have been covered by insurance. Amounts paid as the result of a court decision are recorded here, and charged to the board function. (Judgments against the LEA resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due.)
- 690 "Miscellaneous Objects" Other objects which cannot be classified elsewhere. Included are taxes on real estate owned by the LEA.
- 700 "Transfers" This object category does not represent a purchase; rather, it shows that funds have been transferred in some manner. Included here are transactions for moving money from one fund to another and for transmitting flow-through funds to another LEA.
- 710 "Fund Modifications" This category represents transactions of conveying money from one fund to another.
- 720 "Transits" This category represents flow-through funds that one LEA receives as a part of a specific grant and then transfers to one or more other LEAs.
- 800 "Tuition" Expenditures to reimburse other educational agencies for services rendered to students residing within the legal boundaries described for the paying LEA. Payments to private educational facilities should be charged to the appropriate instructional function; payments to other public LEAs shall be charged to the appropriate function within the 4000 series of function numbers.

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**"Job Classification Activity"**

The job classification activity dimension can be used to further define salary object numbers, but should not be used with any of the other object numbers. This classification code can be adapted to each LEA's needs, depending upon its size and internal reporting needs. A very large district with many job classifications may need to use the total three-digit number. The one-digit job classification numbers, shown below, can be used in conjunction with appropriate object numbers by changing the last digit of each salary object code (the zero) to the number needed to signify the correct job classification. Examples: #111=A regular Administrative Salary; #115=A regular Clerical Salary; and #125=A temporary Clerical Salary.

"Code"	"Descriptor"
1	"Official/Administrative" Assignments comprising the various skill levels required to perform management activities, such as developing broad policies for the LEA and executing these policies through direction of staff members at all levels of the LEA. Those activities performed directly for policymakers are also included here. This classification includes the districtwide administrators and Board of Education members.
101	"Administrative Assistant Assignment"
102	"Administrative Intern Assignment"
103	"Assistant Deputy/Associate Superintendent Assignment"
104	"Assistant Principal Assignment"
105	"Board of Education Member Assignment"
106	"Foreman Assignment"
107	"Ombudsman Assignment"
108	"Principal Assignment"

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- 109 "Superintendent Assignment"
- 110 "Supervising/Managing/Directing Assignment"
- 2 "Professional – Educational" Assignments requiring a high degree of knowledge and teaching skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study and/or experience), including skills in the field of education or educational psychology. Included are teachers, remedial specialists, curriculum specialists, counselors and library/media specialists.
- 201 "Curriculum Specialist Assignment"
- 202 "Counseling Assignment"
- 203 "Librarian/Media Assignment"
- 204 "Remedial Specialist Assignment"
- 205 "Teaching Assignment"
- 3 "Professional – Other" Assignments requiring a high degree of knowledge and skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study and/or experience), but not requiring skills in the field of education. This classification includes nurses, social workers, psychologists, architects, lawyers, physicians and accountants.
- 301 "Accounting Assignment"
- 302 "Analyst Assignment"
- 303 "Architect or Engineer Assignment"
- 304 "Audiologist Assignment"
- 305 "Auditing Assignment"



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- 306 "Dentist Assignment"
- 307 "Dietitian/Nutritionist Assignment"
- 308 "Editing Assignment"
- 309 "Evaluating Assignment"
- 310 "Legal Assignment"
- 311 "Negotiating Assignment"
- 312 "Ophthalmologist Assignment"
- 313 "Optometrist Assignment"
- 314 "Personnel Assignment"
- 315 "Physician Assignment"
- 316 "Planning Assignment"
- 317 "Psychiatrist Assignment"
- 318 "Psychologist Assignment"
- 319 "Public/Community Relations Assignment"
- 320 "Registered Nursing Assignment"
- 321 "Registrar Assignment"
- 322 "Research and Development Assignment"
- 323 "Social Work Assignment"
- 324 "Statistician Assignment"

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- 325 "Therapist Assignment"
- 4 "Technical" Assignments requiring a combination of basic scientific knowledge and manual skills which can be obtained through approximately two years of post high school education, such as is offered in junior/community colleges and technical institutes, or through equivalent special study and/or on-the-job training. This classification includes interns, aides, computer operators and practical nurses.
- 401 "Audiometrist Assignment"
- 402 "Computer Operating Assignment"
- 403 "Dental Hygienist Assignment"
- 404 "Graphic Arts Assignment"
- 405 "Inspector Assignment"
- 406 "Practical Nursing Assignment"
- 407 "Programming Assignment"
- 408 "Psychometrist Assignment"
- 409 "Purchasing Agent Assignment"
- 410 "Student – Teaching Assignment"
- 411 "Teaching Aide Assignment"
- 412 "Teaching Intern Assignment"
- 5 "Office/Clerical" Assignments to perform the activities of preparing, transferring, transcribing, systematizing, or preserving communications, records, and transactions, regardless of the level of skills required, where the activities are predominantly non-manual.

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- 501 "Bookkeeping Assignment"
- 502 "Clerical Assignment"
- 503 "Messenger Assignment"
- 504 "Records Managing Assignment"
- 6 "Craft and Trades" Assignments requiring a relatively high level of manual skill (usually acquired through an extensive period of training) as well as requiring considerable judgment and a comprehensive knowledge of the processes involved in the work.
- 601 "Carpenter Assignment"
- 602 "Electrician Assignment"
- 603 "General Maintenance Assignment"
- 604 "Masoning Assignment"
- 605 "Mechanic Assignment"
- 606 "Painting Assignment"
- 607 "Plastering Assignment"
- 608 "Plumbing Assignment"
- 7 "Operative" Assignments requiring an intermediate level of manual skill (which can be mastered in a few weeks of training) necessary to perform machine operating activities, such as bus driver or truck driver.
- 702 "Dispatching Assignment"

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703	"Vehicle Operating Assignment"
8	"Laborer" Assignments which generally require no special training. The one fairly common laborer assignment associated with an LEA is groundskeeping; others may be added by the local administrator if needed by a particular LEA.
801	"Groundskeeping Assignment"
9	"Service Work" Assignments, regardless of level of difficulty, which relate to protective and nonprotective supportive services. The list may be expanded as necessary at the discretion of the local administrator.
901	"Attendance Officer Assignment"
902	"Custodian Assignment"
903	"Elevator Operating Assignment"
904	"Food Service Assignment"
905	"Guard/Watchman Assignment"
906	"Monitoring Assignment"
907	"Stores Handling Assignment"

## "Term"

Term is a division of the school year (the 12-month period of time denoting the beginning or ending dates for school accounting purposes) which may be divided into regular and summer terms, semesters, trimesters, or quarters. For purposes of this Manual, it is suggested that the following terms be used.

## "Code"

## "Descriptor"

1	"Fall Term Day" This is a division which usually begins in August or September and ends in December or January and
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pupils attend the day sessions.

2 "Fall Term Evening" This is the same as the term above except pupils attend the evening sessions.

3 "Winter Term Day" This is a division which usually begins in November or December and pupils attend the day sessions.

4 "Winter Term Evening" This is the same as the term above except pupils attend the evening session.

5 "Spring Term Day" This is a division which usually begins in January or February and ends in May or June and pupils attend the day sessions.

6 "Spring Term Evening" This is the same as the term above except pupils attend the evening session.

7 "Summer Term Day" This is a division which usually begins in June and ends in August and pupils attend the day sessions.

8 "Summer Term Evening" This is the same as the term above except pupils attend the evening session.

"Subject Matter Area"

Subject Matter Area is a group of closely related subjects. These codes permit the accumulation of costs associated with particular subjects. Additional categories can be added by the LEA if needed.

"Code"

"Descriptor"

01 "Agriculture" Programs include: agricultural production; agricultural supplies/services; agricultural mechanics; agricultural products; ornamental horticulture; processing, management, marketing, and services; other agriculture areas (vocational program).

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- 02 "Art" Courses including art history and theory and art instruction. Activities primarily involve visual, tactile and kinesthetic expression.
- 03 "Business" Courses including accounting; bookkeeping; budget control; business arithmetic or mathematics; business communications; business ethics; business finance; business law; business machines; business psychology; business statistics; office work experience; clerical practice; consumer education; credit and collections; economics; economic geography; exploratory business; filing and record control; general business or introduction to business; insurance and risk; investments; business and management principles; marketing; office practice; personal development and human relations; personal finance; real estate; retailing, selling principles; shorthand, stenographic, and secretarial; typewriting; other business areas.
- 04 "Marketing and Distribution" Program includes: marketing and distribution courses related to apparel and accessories business and personal service; marketing programs; financial services; floristry, farm and garden supplies; food marketing programs; industrial; retailing programs; general marketing programs; home furnishings and office products; hardware; hospitality and recreation; insurance marketing programs; transportation and travel; vehicles and petroleum; and marketing cooperative education programs (vocational program).
- 05 "English Language Arts" Courses including language skills; linguistics; literature; composition; speech; dramatic arts.
- 06 "Foreign (or Second) Languages" Courses including classical languages; modern foreign languages; humanities.
- 07 "Health Occupations Education" Program includes: dental; medical laboratory technology; nursing; radiology; ophthalmic, occupational therapy, respiratory therapy; rehabilitation; physical therapy and other related health occupations (vocational program).

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- 08 "Health and Safety in Daily Living" Courses in health and safety in daily living designed to promote development in the areas of personal and public health and safety.
- 09 "Home Economics" Courses include: food and nutrition; child development; clothing and textiles; living environments; parenting; adult living; resource management; food service management; day care occupations; fashion/fabric coordination (vocational program).
- 10 "Industrial Arts" Courses including construction; crafts (industrial); drafting; electricity/electronics; elementary school industrial arts; general industrial arts; graphic arts; home mechanics; industrial arts mathematics; industrial arts science (applied chemistry); industrial arts science (applied physics); industrial materials and processes; manufacturing; metals; plastics; power/automotive mechanics; research and development; service industries; woods; other industrial arts.
- 11 "Mathematics" Courses including elementary school mathematics; mathematics for seventh and eighth grades; algebra; algebra and trigonometry (integrated); applied mathematics; calculus; calculus with analytic geometry; computer mathematics; elementary functions; first-year college mathematics for elementary school teachers; general mathematics for elementary school teachers; general mathematics; geometry; introduction to analysis; liberal arts mathematics; probability and statistics; trigonometry; other mathematics.
- 12 "Music" Courses including music (general education); music literature and/or history; music theory; vocal music; instrumental music; rhythm and body movement; humanities, other music.
- 13 "Natural Sciences" Courses including general science (including elementary school science); biological sciences; physical sciences; earth-space sciences.
- 14 "Business and Office" Courses include: accounting, bookkeeping, and related programs; business computer and

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- console operation; business data entry equipment operation; business data programming; legal secretarial; medical secretarial; secretarial; word processing; general office clerk/information specialist; business and office cooperative education (vocational program).
- 15 "Social Sciences" Courses including anthropology; area studies, citizenship education; economics; geography; history; humanities; philosophy; political science; psychology; and sociology.
- 16 "Construction Trades" Programs include: brick, block, and stonemasonry; carpentry; residential/commercial electrician; electrician; lineworker; building maintenance and custodial service; drywall installation; painting and decorating; plumbing, pipefitting, and steamfitting; construction and building trades (vocational program).
- 17 "Mechanics and Repairers" Program includes: business machine repair; communication electronics; computer electronics maintenance and repair; industrial electronics; major appliance repair; motor repair; small appliance repair; heating, air conditioning, and refrigeration mechanics; heavy equipment maintenance and repair; industrial machinery maintenance and repair; operation, maintenance, and repair of audio-visual equipment; watch repair; instrument repair; stationary energy sources; vehicle and mobile equipment mechanics and repairers; aircraft mechanics; automotive body repair; automotive mechanics; diesel engine mechanics; small engine repair (vocational program).
- 18 "Precision Production" Program includes: drafting, general; graphic & printing communication; commercial art, commercial photography; lithography, photography, and platemaking; printing press operations, silk screen making and printing; upholstery; precision metal work; foundry work, machine tool operation/machine shop; sheet metal; tool and die making; welding, brazing, and soldering; plastics; millwork and cabinet making (vocational program).



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- 19 "Differentialized Curriculum for Handicapped Pupils" Courses including communication skills; interpersonal and behavioral coping skills; motor skills; perceptual skills; and other differentialized curriculum for handicapped pupils.
- 20 "Environmental Design" Program includes: interior design (vocational program).
- 21 "Driver Education" Courses in driver education.
- 22 "Communication Technologies" Programs include: radio and television production and broadcasting technology (vocational program).
- 23 "Consumer, Personal, and Miscellaneous Services" Programs include: barbering; cosmetology (vocational program).
- 24 "Engineering and Engineering-Related Technologies" Programs include: environmental control; quality control technology (vocational program).
- 25 "Protective Services" Programs include: public service occupations; firefighting (vocational program).
- 26 "Transportation and Material Moving" Programs include: airplane piloting and navigation; mining equipment operation (vocational program).
- 27 "Business and Management" Program includes: real estate and small business management (vocational program).
- 28 "Communications" Program includes: advertising (vocational program).
- 29 "Renewable Natural Resources" Programs that prepare individuals for activities involving the conservation and/or improvement of natural resources such as air, soil, water, land,

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fish, and wildlife for economic and recreational purposes (vocational program).

- 30 "Interscholastic Activities" Those extracurricular activities which supplement the regular instructional program such as athletics, band, chorus, and speech.
- 40 "Junior ROTC" Activities organized into programs of instruction to provide opportunities for students to prepare for and achieve career objectives in selected branches of the military service.
- 50 "Physical Education" Activities designed to develop physical and mental growth and fitness of individuals. Emphasis is placed on improving the muscles, motor skills, attitudes and habits of conduct.
- 60 "Special Programs" Vocational orientation course for special education students in a nonmainstreamed environment (vocational program).
- 61 "Computers" Activities or programs that provide regular instruction in any areas of data processing and/or computer operations.
- 70 "Cocurricular Activities" Courses including academic cocurricular activities; music cocurricular activities; school and/or public service cocurricular activities; social cocurricular activities.

"Programs"

This dimension lacks the rigidity and definition found in other dimensions. This is purposeful for it is recognized that it would be impossible to categorize in advance all cost combinations an LEA might want to accumulate in order to attain certain objectives. Program may be defined as a group of interdependent, closely related services and/or activities progressing toward or contributing to a common objective or set of allied objectives.

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- 1) Heading of the Part: Student Activity Funds and Convenience Accounts
- 2) Code Citation: 23 Ill. Adm. Code 125
- 3) 

<u>Section Numbers</u> :	<u>Proposed Action</u> :
125.5	Repeal
125.10	Repeal
- 4) Statutory Authority: 105 ILCS 5/2-3.27
- 5) A Complete Description of the Subjects and Issues Involved: Rulemaking was conducted in 2007 to establish a new set of rules covering the chart of accounts for school districts as well as the related issues previously addressed in Part 125. The effectiveness of that new set, Part 100, begins with Fiscal Year 2009. Now that FY 2009 has been reached, the material in Part 125 is no longer needed, and that Part can be repealed in its entirety.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not create or enlarge a State mandate.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days after the publication of this Notice to:

Sally Vogl  
Agency Rules Coordinator  
Illinois State Board of Education  
100 North First Street (S-493)  
Springfield, Illinois 62777

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217/782-5270

Comments may also be submitted via e-mail, addressed to:

rules@isbe.net

- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: July 2008

The full text of the Proposed Repealer begins on the next page:

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## NOTICE OF PROPOSED REPEALER

## TITLE 23: EDUCATION AND CULTURAL RESOURCES

## SUBTITLE A: EDUCATION

## CHAPTER I: STATE BOARD OF EDUCATION

## SUBCHAPTER c: FINANCE

## PART 125

STUDENT ACTIVITY FUNDS AND CONVENIENCE ACCOUNTS (REPEALED)

## Section

125.5 Term of Applicability

125.10 Student Activity Funds and Convenience Accounts

AUTHORITY: Implementing Section 10-20.19(3) and authorized by Section 2-3.27 of The School Code (Ill. Rev. Stat. 1983, ch. 122, pars. 10-20.19(3) and 2-3.27).

SOURCE: Adopted August 19, 1975; codified at 8 Ill. Reg. 1447; Part repealed, new Part adopted at 9 Ill. Reg. 19381, effective December 2, 1985; amended at 31 Ill. Reg. 14963, effective October 19, 2007; repealed at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 125.5 Term of Applicability**

The provisions of this Part shall have no further effect beginning with Fiscal Year 2009. See 23 Ill. Adm. Code 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing).

**Section 125.10 Student Activity Funds and Convenience Accounts**

- a) Section 10-20.19(3) of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 10-20.19(3)) authorizes the State Board of Education to adopt rules governing funds collected by school classes, clubs and associations for educational, recreational or cultural purposes. Such funds shall be known collectively as "Activity Funds" and shall be governed by this Part.
- b) Activity funds are either "student activity funds" or "convenience accounts" as defined below.
  - 1) Student activity funds are those funds which are owned, operated, and managed by organizations, clubs, or associations (groups) within the student body under the guidance and direction of one or more faculty or

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staff members for educational, recreational, or cultural purposes.

- 2) Examples of student activity funds include:
  - A) Homeroom
  - B) Yearbook
  - C) Class Year
  - D) Choral and Band Group
  - E) Class Projects
  - F) Student Clubs
  - G) Student Council
  - H) Student-Sponsored Bookstores.
- 3) Convenience accounts are those funds maintained by the local education agency at the request of and for the convenience of faculty, staff, faculty-parent organizations or similar non-student groups. Each such group shall designate a manager for its convenience account. Examples of convenience accounts include:
  - A) Flower Fund
  - B) Investment Club
  - C) Scholarships
  - D) Faculty-Parent Organization Accounts
  - E) Faculty Funds
  - F) Employee Coffee Funds.
- 4) Funds sometimes mistaken as activity funds but which shall be maintained

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as budgeted district accounts include:

- A) Lunch Program
  - B) Regular Athletic Programs
  - C) Building Trades Program
  - D) Restricted Grants-in-Aid from State or Federal Sources
  - E) Towel, Locker, and Book Rentals
  - F) Student Insurance
  - G) Sales of District Supplies-Services.
- c) If the board subsidizes a portion of an activity fund, that portion shall be reported as an expenditure or disbursement against the regular budget of that local education agency and reported as a revenue or cash receipt of the activity fund.
- d) The board of education or a representative designated by the board of education shall have the following responsibilities:
- 1) To approve the establishment and purpose of each student activity fund and convenience account.
  - 2) To set policies for student participation and adult supervision in groups maintaining student activity funds as set forth in subsection (b)(1) of this Section.
  - 3) To approve the collection of all monies by student activity groups and convenience account managers.
  - 4) To cause such records to be kept as to verify at all times the amounts received and disbursed and the assets on hand for each student activity fund and convenience account.
  - 5) To appoint an activity fund treasurer or treasurers to be the custodian of the assets of each student activity fund and convenience account.

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- 6) To transfer monies from a student activity fund or convenience account when the activities served by either type of account have been discontinued, or if an account has had no activity for at least one year, to any other active account, to the district's funds, or to the student activity group or convenience group members on a pro rata basis.
  - 7) To determine if the treasurer shall be authorized to invest activity funds (See subsection (f)(1) below).
  - 8) To determine which of the following methods shall be used to distribute any earnings from the investment of activity funds:
    - A) Earnings may be deposited in the district's funds.
    - B) Earnings may be maintained in a separate activity account to be spent for a purpose, or transferred to a student activity group, which benefits the maximum number of students (e.g., the student council).
    - C) Earnings may be apportioned among the specific fund(s) which provided the cash for investment.
    - D) Earnings from the investment of commingled activity funds may be periodically apportioned among all accounts that are part of the commingled cash management system based on the average deposit as determined by the balance at the beginning and end of the period. The period may be as short as one day or as long as three months.
  - 9) To designate those person(s) who shall have the authority to approve written purchase orders or authorizations required to spend activity funds.
  - 10) To determine if and when loans can be transacted between accounts.
  - 11) To designate depositories for cash and investments.
- e) The board of education may establish and amend policies which must be adhered to by the activity fund treasurer(s) and other person(s) designated by the board as



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having responsibilities for the management of student activity funds and/or convenience accounts.

- f) The treasurer appointed by the board or its designated representative shall be bonded and the penalty of the bond shall be in accordance with the provisions of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 8-2). If a treasurer is also the district treasurer, one bond which is large enough to include both district and activity funds is sufficient.
- 1) The treasurer shall keep all monies on deposit in a depository designated under Section 8-7 of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 8-7) or invested in conformity with "An act relating to certain investments of public funds by public agencies" (Ill. Rev. Stat. 1983, ch. 85, par. 901 et seq.) and shall maintain liability accounts to show ownership of such assets. Each activity group receiving money from whatever source must deposit the money so received with the treasurer and obtain a signed receipt showing the activity fund and the amount of the deposit. The treasurer shall be the only custodian of each activity fund.
  - 2) The activity fund treasurer shall make all disbursements, but only on orders signed by the person(s) designated pursuant to Section 125.10(d)(9) above. Disbursements shall be made only by the activity fund treasurer's check, drawn upon the appropriate fund. In no event shall a check be written if the bank balance in the respective fund is insufficient. No overdrafts shall be permitted. Loans may be made between activity funds if authorized by the president or secretary, faculty advisor, if applicable, and the treasurer of the lending fund, but only if permitted by the board of education.
  - 3) The treasurer shall each month reconcile the cash in the bank and investment balances with the liabilities from each fund.
  - 4) The treasurer shall make available to each group monthly reports, which shall include a statement of receipts and disbursements and current balances, and shall provide such statements to the board of education not less than once each year.
  - 5) At the end of the fiscal year, the treasurer shall carry over to the next fiscal year the balance of each activity fund unless otherwise instructed by the

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board of education.

- g) Activity funds shall be audited annually by a licensed certified public accountant. The fiscal year for annual audit reports shall coincide with the school district fiscal year.
- h) Activity funds shall be included as "Agency Funds" in the district's Annual Financial Report to the State Board of Education submitted in accordance with Section 3-15.1 of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 3-15.1). A statement which displays opening and closing balances and annual activity for each fund shall be included as supplemental financial information in the district's Annual Financial Report to the State Board of Education or shall be issued as a separate statement, in which case it must accompany the Annual Financial Report. In either case every activity fund maintained must be included.
- i) All purchases from activity funds shall be made in accordance with Section 10-20.21 of The School Code, which requires competitive bids for most items in excess of \$5,000 (Ill. Rev. Stat. 1983, ch. 122, par. 10-20.21).

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## NOTICE OF PROPOSED AMENDMENTS

- 1) Heading of the Part: Determining Special Education Per Capita Tuition Charge
- 2) Code Citation: 23 Ill. Adm. Code 130
- 3) 

<u>Section Numbers:</u>	<u>Proposed Action:</u>
130.10	Amendment
130.30	Amendment
130.40	Amendment
- 4) Statutory Authority: 105 ILCS 5/14-7.01, 14-7.02b, and 14-7.03
- 5) A Complete Description of the Subjects and Issues Involved: Beginning with Fiscal Year 2009, new Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing) has taken the place of long-standing Parts 110 (Program Accounting Manual) and 125 (Student Activity Funds and Convenience Accounts). Various other sets of ISBE's rules contain cross-references to Part 110 in particular and thus need to be updated as time permits.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: No
- 7) Will this rulemaking replace any emergency rulemakings currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed amendments pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not create or enlarge a State mandate.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days after the publication of this Notice to:

Sally Vogl  
Agency Rules Coordinator  
Illinois State Board of Education

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## NOTICE OF PROPOSED AMENDMENTS

100 North First Street (S-493)  
Springfield, Illinois 62777

217/782-5270

Comments may also be submitted via e-mail, addressed to:

[rules@isbe.net](mailto:rules@isbe.net)

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: No
  - B) Reporting, bookkeeping or other procedures required for compliance: No
  - C) Types of Professional skills necessary for compliance: No
- 14) Regulatory Agenda on which this rulemaking was summarized: July 2008

The full text of the Proposed Amendments begins on the next page:

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## NOTICE OF PROPOSED AMENDMENTS

## TITLE 23: EDUCATION AND CULTURAL RESOURCES

## SUBTITLE A: EDUCATION

## CHAPTER I: STATE BOARD OF EDUCATION

## SUBCHAPTER c: FINANCE

## PART 130

## DETERMINING SPECIAL EDUCATION PER CAPITA TUITION CHARGE

## Section

130.10	Definitions
130.20	Applicability
130.30	Allowable Expenditures for Determining Per Capita Cost
130.40	Expenditures Not Allowed in the Per Capita Cost
130.45	Calculation of Individual Cost
130.50	Tuition Billing

AUTHORITY: Implementing and authorized by Sections 14-7.01, 14-7.02b, and 14-7.03 of the School Code [105 ILCS 5/14-7.01, 14-7.02b, and 14-7.03].

SOURCE: Adopted at 11 Ill. Reg. 5942, effective March 23, 1987; amended at 16 Ill. Reg. 9475, effective June 9, 1992; amended at 24 Ill. Reg. 4936, effective March 10, 2000; amended at 30 Ill. Reg. 16614, effective October 5, 2006; amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 130.10 Definitions**

["Accounting Rules" – 23 Ill. Adm. Code 100 \(Requirements for Accounting, Budgeting, Financial Reporting, and Auditing\).](#)

"Average Daily Attendance" – The number of full-time equivalent days a pupil is in attendance in a program divided by the number of days school is in session.

"Average Daily Enrollment" – For an individual pupil, the number of days a pupil is enrolled in a program divided by the number of days a program is in session, multiplied by the percentage of the school day the pupil participates in the program. For a program, the Average Daily Enrollment is the total of the Average Daily Enrollment figures for all students enrolled in it.

"Days in Session" – The number of actual pupil attendance days reported on the

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final calendar for the school year.

"District Per Capita Tuition Charge" – District expenditures (including allowable depreciation) associated with providing education during the regular school term from local taxes and common school fund monies, calculated by deducting revenues for various state categorical programs as shown on the district's annual financial statement filed in accordance with Section 3-15.1 of the School Code [105 ILCS 5/3-15.1], local user fees, and federal receipts, other than federal impaction aid, from the operating expense; then dividing the result by the annual average daily attendance of the district.

"Eligible Pupils" – All children with disabilities as defined in Sections 14-1.02 and 14-1.03a of the School Code [105 ILCS 5/14-1.02 and 14-1.03a] and in 23 Ill. Adm. Code 226 (Special Education).

"IEP" – A pupil's individualized education program (see 23 Ill. Adm. Code 226).

"Local Education Agency" – A public educational agency at the local level that operates schools or contracts for educational services. This includes school districts, school districts providing services under a joint agreement pursuant to Section 10-22.31a of the School Code [105 ILCS 5/10-22.31a], educational service regions pursuant to Section 3A-1 of the School Code [105 ILCS 5/3A-1], educational (intermediate) service centers pursuant to Section 2-3.62 of the School Code [105 ILCS 5/2-3.62] and 23 Ill. Adm. Code 525 (Regional Offices of Education and Intermediate Services), public university laboratory schools pursuant to Section 18-8.05(K) of the School Code [105 ILCS 5/18-8.05(K)], and governing boards formed pursuant to Section 10-22.31 or Section 3-15.14 of the School Code [105 ILCS 5/10-22.31 or 3-15.14].

"Local Educational Facilities" – Buildings, including sites and site improvements, operated by a local education agency.

"Program" – For purposes of the reimbursement of claims under Sections 14-7.02b and 14-7.03 of the School Code [105 ILCS 5/14-7.02b and 14-7.03], a combination of special education instructional services, supportive services, supplies, materials, physical plant adjustments, and other special educational facilities designated by a local education agency as meeting the common educational needs of a group of students with disabilities ~~that also conforms to the requirements set forth in Section 110.50(c)(11) of the Manual.~~

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~~"Program Accounting Manual" or "Manual" – 23 Ill. Adm. Code 110.~~

"Special Education" – Those instructional programs, supportive services, supplies, materials, physical plant adjustments, and other special educational facilities described in Article 14 of the School Code [105 ILCS 5/Art. 14] and 23 Ill. Adm. Code 226 that modify, supplement, support, or are in place of the standard educational program of the public school, and that are needed to meet the needs of eligible pupils.

"Special Educational Facility and Services" – See Section 14-1.08 of the School Code [105 ILCS 5/14-1.08].

"Special Education Per Capita Cost" – The average expenditure per eligible pupil incurred by a local education agency in the implementation and maintenance of each special education program, computed by dividing the allowable program expenditures by the average daily enrollment of all eligible participating pupils in the manner prescribed in this Part.

"Special Education Pupil Transportation" – Those transportation services that are in addition to the regular pupil transportation services provided by the local education agency, and that are required and provided in accordance with the provisions of 23 Ill. Adm. Code 226.

"Special School" – An educational setting that is established by the local education agency exclusively to meet the needs of exceptional pupils.

"The School Code" – The School Code [105 ILCS 5].

"Time in Special Education" – For purposes of the reimbursement of claims under Sections 14-7.02b and 14-7.03 of the School Code, the percentage that reflects the amount of time for which a pupil receives special education services under his or her IEP at the time of entry into the special education program as compared to the total amount of time in the pupil's regular instructional day. The instructional school day is not "bell to bell" and should omit passing periods, lunch, and recess unless the pupil's IEP requires support during those times.

"Total Number of Pupils Enrolled" – The total enrollment of the local education agency for the school year, as reported to the State Board of Education on the Fall

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Enrollment and Housing Report.

"Total Number of Special Education Pupils Enrolled" – The total number of pupils reported to the State Board of Education as being enrolled in special education programs on December 1 of a particular year. For special education joint agreements and regional programs, this is the sum of all member districts' enrolled special education pupils as of December 1.

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 130.30 Allowable Expenditures for Determining Per Capita Cost**

- a) All local education agencies operating special educational facilities shall maintain evidence of their accountability for funds as prescribed in the [accounting rulesManual](#).
- b) Accounting dimensions used to record expenditures used in calculating per capita costs shall include at least the fund, fiscal year, four-digit function number, and object. Functions and objects must correspond to and be traceable to the official budget and annual financial report of the local education agency.
- c) Expenditures for equipment necessary for the operation of a special educational facility either shall be included in the expenditures in the year of purchase, if the total cost is less than \$2500, or shall be depreciated on a five-year schedule, if the total cost is \$2500 or more. If equipment is purchased solely for the benefit of one pupil and billed in that manner, the district billed is the owner of the equipment.
- d) Per capita instructional costs recorded in functions 1201-1220 of the [accounting rulesManual](#) shall be calculated by dividing the allowable expenditures, minus individual student costs such as individual aides, by the average daily enrollment of the pupils served in the specific special education program.
- e) Per capita expenditures recorded in the functional accounts 2120 (Guidance Services), 2130 (Health Services), 2210 (Improvement of Instruction), and 2220 (Educational Media Services) as specified in the [accounting rulesManual](#) shall be calculated as provided in this subsection (e).
  - 1) Expenditures in each functional area shall be allocated as follows:



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- A) All expenditures for specific special education programs;
  - B) All expenditures that are incurred in support of all eligible pupils and that cannot be directly allocated to a specific special education program as required in subsection (e)(1)(A) of this Section; and
  - C) All expenditures that are incurred in support of the general pupil population, including eligible pupils.
- 2) Per capita pupil support services costs for a specific special education program shall be calculated by dividing the allowable expenditures by the average daily enrollment of the pupils served in the program.
  - 3) Per capita pupil support services costs incurred in support of all eligible children shall be calculated by dividing the allowable expenditures by the total number of special education pupils enrolled.
  - 4) Per capita pupil support services costs incurred in support of the general pupil population shall be calculated by dividing the allowable expenditures by the total number of pupils enrolled.
- f) Per capita expenditures recorded in the functional accounts 2113 (Social Work Services), 2140 (Psychological Services), and 2150 (Speech Pathology and Audiology Services) as specified in the [accounting rulesProgram Accounting Manual](#) shall be calculated by dividing the allowable expenditures by the total number of special education pupils enrolled.
  - g) Per capita expenditures for general administrative services recorded in the functional accounts 2310 (Board of Education Services), 2320 (Executive Administrative Services), 2330 (Special Area Administrative Services), 2410 (Office of the Principal Services), 2510 (Direction of Business Support Services), 2520 (Fiscal Services), 2570 (Internal Services), and 2600 (Support Services Central) as specified in the [accounting rulesManual](#) shall be calculated by dividing the allowable expenditures by the total number of pupils enrolled.
  - h) Per capita special education administration costs recorded in the functional account 2330 (Special Area Administrative Services) shall be calculated by dividing the allowable expenditures by the total number of special education

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pupils enrolled.

- i) Operation and Maintenance
  - 1) Expenditures for the operation and maintenance of buildings owned by a local education agency shall be allocated to each program according to the number of classrooms used and the average cost per classroom. The average cost per classroom shall be identified by dividing the total amount of expenditures for operations and maintenance, excluding capital outlay, by the total number of classrooms.
  - 2) If a privately owned building is used, the portion of the operation and maintenance costs attributable to a specific program shall be determined by dividing the square footage of the portion of the building so used by the square footage of the building or buildings for which operation and maintenance costs are incurred.
- j) Depreciation and Rent
  - 1) Depreciation of physical facilities owned by the local education agency shall be calculated using the rate provided in Section 14-7.01 of the School Code. The local education agency may not rent facilities from itself. The depreciation rate specified in Section 14-7.01(f) of the School Code must be applied to all owned facilities. Operations and maintenance costs for owned facilities may be claimed as provided in subsection (i) of this Section.
  - 2) If the local educational facility is rented by the local education agency, the actual rent paid for the physical facilities is to be divided by the average daily enrollment of the pupils served within the facility. If the rented facility is used for both instructional and administrative functions, the square footage used for instruction shall be divided by the total square footage rented. The result of this division shall be multiplied by the rental fee paid to determine the portion of rent applicable to the program.
- k) Interest paid for costs of operating a program approved pursuant to Section 14-7.03 of the School Code shall be segregated in the accounts of the local agency and claimed in total. Per capita interest costs shall be computed by dividing the other interest expenditures recorded in [the 5000 series of functions](#)~~function 5100~~,

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~~lessexclusive of~~ interest for capital expenditures, by either:

- 1) the total number of pupils enrolled, if the local education agency serves both special and regular education students; or
  - 2) the total number of special education pupils enrolled, if the local education agency serves only special education students.
- l) Twenty percent of the total cost incurred for special education pupil transportation, or such total cost minus reimbursement received during the current year from the State of Illinois under Section 14-13.01(b) of the School Code [105 ILCS 5/14-13.01(b)], whichever is less, may be included in the computation of the per capita cost. However, for pupils claimed under Section 14-7.03 of the School Code, one hundred percent of the transportation costs shall be included in the computation and not claimed for special education pupil transportation reimbursement.
  - m) Non-special education (i.e., regular) program costs charged to other districts must be calculated in accordance with Section 10-20.12a of the School Code [105 ILCS 5/10-20.12a] and billed to the district of residence based on a percentage of the student's time spent in non-special education classes.
  - n) Social Security and Illinois Municipal Retirement Fund contributions by the employer; the amounts ~~so~~ recovered shall be returned to the funds from which the expenditures were made.
  - o) Expenditures for liability insurance; the amounts recovered shall be returned to the funds from which the expenditures were made.

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 130.40 Expenditures Not Allowed in the Per Capita Cost**

- a) Food service expenditures may not be claimed for reimbursement under Section 14-7.03 of the School Code, unless they are directly related to instructional methodology or techniques, for example in homemaking, cooking, or consumer education courses. However, food service expenditures may be billed to the district of residence of a pupil served.

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- b) Expenditures from revenue received from state reimbursement during the current year for special education personnel under Section 14-13.01 of the School Code, allocated to each program based on the number of positions in the program divided by the number of positions claimed for special education personnel reimbursement.
- c) Expenditures that are reimbursed from federal sources, except for health care services as provided in Section 14-7.04 of the School Code [105 ILCS 5/14-7.04]; the amount of federal reimbursement for such services need not be deducted.
- d) Expenditures for life-safety building improvements or asbestos abatement.
- e) Expenditures classified (see Table [FD](#) of the [accounting rules](#)~~Program Accounting Manual~~) as Capital Outlay (~~the object code~~ 500 [series of object codes](#)), except specialized equipment purchased for the specific special education program, which may be included based upon a depreciation schedule of five years.
- f) Expenditures for purchased services (~~the object code~~ 300 [series of object codes](#)) other than those recorded in accounts 1201-1220 (Instruction), 2113 (Social Work Services), 2130 (Health Services), 2140 (Psychological Services), 2150 (Speech Pathology and Audiology Services), 2210 (Improvement of Instruction), 2220 (Educational Media Services), and 2540 (Operation and Maintenance).
- g) Expenditures applicable to one student only.

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

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## NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Early Childhood Block Grant
- 2) Code Citation: 23 Ill. Adm. Code 235
- 3) Section Number: 235.100                      Proposed Action:  
Amendment
- 4) Statutory Authority: 105 ILCS 5/1C-2 and 2-3.71
- 5) A Complete Description of the Subjects and Issues Involved: P.A. 95-724, effective June 30, 2008, extends the Preschool for All (PFA) program authorized under Section 2-3.71 of the School Code for two additional fiscal years (from June 30, 2008, to June 30, 2010). Established in 2006, the PFA program seeks to serve all 3- and 4-year-olds in the State whose parents wish to participate, with an emphasis on funding programs that primarily serve children who are at risk of academic failure and those who are from low-income families. During the time that it is in effect, the PFA program essentially replaces the Prekindergarten Program for Children at Risk of Academic Failure for the purposes of funding any new preschool programs.  
  
Subpart B of the Early Childhood Block Grant rules governs the use of funds for PFA, while Subpart A sets forth requirements for the prekindergarten at-risk program. In order to have a seamless transition back to the prekindergarten at-risk program once the PFA program "sunset", a repealer date for Subpart B is included in the rules at Section 235.100(c). That date must be changed for the requirements of Subpart B to remain in effect for FY 2009 and 2010.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objectives: This rulemaking will not create or enlarge a State mandate.

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENT

- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days of the publication of this Notice to:

Sally Vogl  
Agency Rules Coordinator  
Illinois State Board of Education  
100 North First Street, S-493  
Springfield, Illinois 62777-0001

217/782-5270

Comments may also be submitted electronically, addressed to:

[rules@isbe.net](mailto:rules@isbe.net)

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: Public and private not-for-profit and for-profit entities with experience in providing educational, social and/or child development services to young children. These would include community organizations, day-care facilities, and charter schools.
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: This rulemaking did not appear in either of the two most recent Regulatory Agendas because: the law was enacted after the Regulatory Agenda was submitted for publication.

The full text of the Proposed Amendment begins on the next page:

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## NOTICE OF PROPOSED AMENDMENT

TITLE 23: EDUCATION AND CULTURAL RESOURCES  
SUBTITLE A: EDUCATION  
CHAPTER I: STATE BOARD OF EDUCATION  
SUBCHAPTER f: INSTRUCTION FOR SPECIFIC STUDENT POPULATIONS

PART 235  
EARLY CHILDHOOD BLOCK GRANT

SUBPART A: PRESCHOOL EDUCATION AND  
PREVENTION INITIATIVE PROGRAMS

## Section

235.10	Purpose; Eligible Applicants
235.20	Application Procedure and Content for New or Expanding Programs
235.30	Additional Program Components for Preschool Education Proposals
235.40	Additional Program Components for Prevention Initiative Proposals
235.50	Proposal Review and Approval for New or Expanding Programs
235.60	Application Content and Approval for Continuation Programs
235.70	Terms of the Grant

## SUBPART B: PRESCHOOL FOR ALL CHILDREN PROGRAM

## Section

235.100	Purpose; Eligible Applicants
235.110	Application Procedure and Content for New or Expanding Programs
235.120	Proposal Review and Approval for New or Expanding Programs
235.130	Application Content and Approval for Continuation Programs
235.140	Terms of the Grant

## SUBPART C: SOCIAL AND EMOTIONAL CONSULTATION SERVICES

## Section

235.200	Implementation and Purpose; Eligible Applicants
235.210	Application Procedure and Content
235.220	Proposal Review and Approval of Proposals

235.APPENDIX A	Illinois Early Learning Standards
235.APPENDIX B	Illinois Birth to Three Program Standards

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**AUTHORITY:** Authorized by Section 1C-2 of the School Code [105 ILCS 5/1C-2] and implementing Sections 2-3.71, 2-3.71a and 2-3.89 of the School Code [105 ILCS 5/2-3.71, 2-3.71a and 2-3.89].

**SOURCE:** Adopted at 16 Ill. Reg. 10181, effective June 10, 1992; expedited correction at 16 Ill. Reg. 15186, effective June 10, 1992; amended at 26 Ill. Reg. 903, effective January 15, 2002; old Part repealed at 30 Ill. Reg. 4618 and new Part adopted at 30 Ill. Reg. 4620, effective February 28, 2006; emergency amendment adopted at 30 Ill. Reg. 11793, effective June 26, 2006, for a maximum of 150 days; emergency expired November 22, 2006; amended at 30 Ill. Reg. 19383, effective November 28, 2006; amended at 32 Ill. Reg. 13357, effective July 25, 2008; amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART B: PRESCHOOL FOR ALL CHILDREN PROGRAM

**Section 235.100 Purpose; Eligible Applicants**

- a) This Subpart B establishes the procedures and criteria for the approval of proposals submitted to the State Board of Education by eligible applicants for grants to assist in establishing Preschool for All Children programs authorized by Section 2-3.71(a)(4.5) of the School Code [105 ILCS 5/2-3.71(a)(4.5)].
- b) Applicants eligible to apply for the Preschool for All Children program are those listed in Section 235.10(b) and (c) of this Part.
- c) This Subpart is repealed as of June 30, ~~2010~~2008 (see Section 2-3.71(a)(4.5) of the School Code).

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)



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## NOTICE OF PROPOSED RULES

- 1) Heading of the Part: Education of Homeless Children and Youth State Grant Program
- 2) Code Citation: 23 Ill. Adm. Code 245
- 3) 

<u>Section Numbers:</u>	<u>Proposed Action:</u>
245.10	New Section
245.20	New Section
245.30	New Section
245.40	New Section
245.50	New Section
245.60	New Section
- 4) Statutory Authority: 105 ILCS 5/2-3.6 and implementing 105 ILCS 45
- 5) A Complete Description of the Subjects and Issues Involved: The agency has received \$3 million to fund homeless education programs for FY 2009. This appropriation was being considered at the same time as HB 2210, which would have amended the Education for Homeless Children Act (105 ILCS 45) to establish a competitive grant program to "support school districts throughout this state in facilitating the enrollment, attendance and success of homeless children and youth". The program was to complement the federal McKinney-Vento Homeless Assistance Act by limiting allowable activities under the State grant to those authorized under the federal program. In FY 2009, the State received approximately \$3.2 million under the federal program.  
  
HB 2210, which would have established the requirements for the grant program, failed to pass out of the General Assembly, however, due to an amendment by the Senate that was procedural in nature rather than substantive to the program. For this reason, the proposed rules incorporate the intent of the bill by focusing the State program on the goals and requirements of the McKinney-Vento Act. The proposed rules set forth the eligible applicants, proposal procedures and content, and the criteria for review and approval of proposals. It is being recommended that grants be made for a three-year period; funding in subsequent years will be contingent upon a sufficient appropriation and satisfactory progress of the grantee in the preceding grant period. In years in which the appropriation is insufficient to fund effective, individual programs, the grant could be used for Statewide services and activities that are consistent with the services and activities allowed under the proposed rules.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: No

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED RULES

- 7) Will this rulemaking replace any emergency rulemaking currently in effect? Yes
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objectives: This rulemaking will not create or enlarge a State mandate.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days of the publication of this Notice to:

Sally Vogl  
Agency Rules Coordinator  
Illinois State Board of Education  
100 North First Street, S-493  
Springfield, Illinois 62777-0001

217/782-5270

Comments may also be submitted electronically, addressed to:

rules@isbe.net

- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not-for-profit corporations affected: Charter schools may apply for grants under the program.
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: Not applicable
- 14) Regulatory Agenda in which this rulemaking was summarized: This rulemaking did not appear in either of the two most recent Regulatory Agendas because: the agency received

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED RULES

an appropriation for this program in the FY 2009 budget. After determining that the amount was insufficient to provide all eligible applicants with a grant, the agency needed to put forth administrative rules to release the funds on a competitive basis.

The text of the Proposed Rules is identical to the text of the Emergency Rules that appear in this issue of the *Illinois Register* on page 16264.

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED REPEALER

- 1) Heading of the Part: Replacement of Required Rules
- 2) Code Citation: 23 Ill. Adm. Code 500
- 3) Section Number: 500.10                      Proposed Action: Repeal
- 4) Statutory Authority: 105 ILCS 5/2-3.6, 2-3.54, 2-3.61, 2-3.65, 2-3.93, 2-3.94, 2-3.106, and 2-3.117, Art. 1C, and Art. 13B
- 5) A Complete Description of the Subjects and Issues Involved: As a result of the comprehensive review of ISBE's rules that was undertaken in 2004 and 2005, eleven sets of rules or portions thereof were identified as describing initiatives for which no funding had been appropriated in several years. Nine Parts and two Subparts were therefore repealed, but an acknowledgment was needed that the underlying statutes were still in effect and that renewed funding under any of them would require the restoration of rules. Part 500 was promulgated to provide that acknowledgment.

Action taken during the 2007 and 2008 legislative sessions has now resulted in the repeal of all the statutory provisions that required the various sets of rules mentioned in Part 500. That is:

- P. A. 94-875 eliminated the requirement for ISBE to approve districts' staff development plans from Section 2-3.59 of the School Code;
- P.A. 94-1105 repealed Sections 2-3.54 and 2-3.106 of the School Code, which required rules for the mathematics and science loan program and the urban education partnership program, respectively; and
- P.A. 95-793 has just repealed or amended numerous portions of the School Code to eliminate the language that would require rules, including:
  - Section 1C-2 (professional development block grant),
  - Section 2-3.61 (summer school for remedial education),
  - Section 2-3.65 (comprehensive arts programs),
  - Section 2-3.93 (alcohol and drug education initiative),
  - Section 2-3.94 (scientific literacy),
  - Section 2-3.117 (school technology program grants),
  - Section 2-3.124 (insurance for certificated employees), and
  - Article 13B (alternative learning opportunities programs).

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED REPEALER

Now that the statute no longer authorizes any of the initiatives that were previously covered by these sets of rules, Part 500 is also no longer necessary and can be repealed.

- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not create or enlarge a State mandate.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days after the publication of this Notice to:

Sally Vogl  
Agency Rules Coordinator  
Illinois State Board of Education  
100 North First Street (S-493)  
Springfield, Illinois 62777

217/782-5270

Comments may also be submitted via e-mail, addressed to:

rules@isbe.net

- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
  - B) Reporting, bookkeeping or other procedures required for compliance: None

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED REPEALER

- C) Types of professional skills necessary for compliance: None
- 14) Regulatory agenda on which this rulemaking was summarized: This rulemaking was not included on either of the 2 most recent agendas because: The 2008 legislative action repealing many of the relevant statutory provisions was not complete when the July 2008 agenda was submitted.

The full text of the Proposed Repealer begins on the next page:

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED REPEALER

TITLE 23: EDUCATION AND CULTURAL RESOURCES  
SUBTITLE A: EDUCATION  
CHAPTER I: STATE BOARD OF EDUCATION  
SUBCHAPTER 0: MISCELLANEOUS

## PART 500

REPLACEMENT OF REQUIRED RULES [\(REPEALED\)](#)

## Section

500.10

Purpose; Declaration

AUTHORITY: Implementing Sections 2-3.54, 2-3.59, 2-3.60, 2-3.61, 2-3.65, 2-3.93, 2-3.94, 2-3.106, 2-3.117, and 2-3.124 and Articles 1C and 13B of the School Code [105 ILCS 5/2-3.54, 2-3.59, 2-3.60, 2-3.61, 2-3.65, 2-3.93, 2-3.94, 2-3.106, 2-3.117, 2-3.124, Art. 1C, and Art. 13B] and authorized by Sections 2-3.6 [105 ILCS 5/2-3.6], 2-3.54, 2-3.61, 2-3.65, 2-3.93, 2-3.94, 2-3.106, and 2-3.117 and Articles 1C and 13B of the School Code.

SOURCE: Old Part repealed at 19 Ill. Reg. 16850, effective December 11, 1995; new Part adopted at 29 Ill. Reg. 18470, effective October 31, 2005; repealed at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 500.10 Purpose; Declaration**

- a) The purpose of this Part is to acknowledge the requirement for promulgation of rules by the State Board of Education (ISBE) for:
- 1) the mathematics and science loan program, pursuant to Section 2-3.54 of the School Code [105 ILCS 5/2-3.54];
  - 2) staff development plans and programs, pursuant to Sections 2-3.59 and 2-3.60 of the School Code [105 ILCS 5/2-3.59 and 2-3.60];
  - 3) summer school for remedial education, pursuant to Section 2-3.61 of the School Code [105 ILCS 5/2-3.61];
  - 4) comprehensive arts programs, pursuant to Section 2-3.65 of the School Code [105 ILCS 2-3.65];

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED REPEALER

- 5) the alcohol and drug education initiative, pursuant to Section 2-3.93 of the School Code [105 ILCS 5/2-3.93];
  - 6) scientific literacy, pursuant to Section 2-3.94 of the School Code [105 ILCS 5/2-3.94];
  - 7) the urban education partnership program, pursuant to Section 2-3.106 of the School Code [105 ILCS 2-3.106];
  - 8) school technology grants, pursuant to Section 2-3.117 of the School Code [105 ILCS 5/2-3.117];
  - 9) insurance for certificated employees, pursuant to Section 2-3.124 of the School Code [105 ILCS 5/2-3.124];
  - 10) the professional development block grant under Article 1C of the School Code [105 ILCS 5/Art. 1C]; and
  - 11) alternative learning opportunities program grants, pursuant to Article 13B of the School Code [105 ILCS 5/Art. 13B].
- b) Inasmuch as no funding for the initiatives identified in subsection (a) of this Section has been forthcoming for a period of years, ISBE has found that its existing rules on these subjects serve no purpose and constitute unnecessary regulatory documentation. ISBE has therefore repealed its rules formerly found at 23 Ill. Adm. Code 360, 30, 230, 250, 225, 220, 245, 575 (Subpart A), 56, 160, and 240 (Subpart B), respectively, but will restore these to effectiveness in a timely manner, through rulemaking under the Illinois Administrative Procedure Act, if warranted by the resumption of applicable funding.



## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENTS

- 1) Heading of the Part: Regional Offices of Education and Intermediate Services
- 2) Code Citation: 23 Ill. Adm. Code 525
- 3) 

<u>Section Numbers:</u>	<u>Proposed Action:</u>
525.130	Amendment
525.160	Amendment
- 4) Statutory Authority: 105 ILCS 5/2-3.62, 3A-16 and 3A-17
- 5) A Complete Description of the Subjects and Issues Involved: Beginning with FY 2009, new Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing) has taken the place of long-standing Parts 110 (Program Accounting Manual) and 125 (Student Activity Funds and Convenience Accounts). Part 525 contains cross-references to Part 110 and thus needs to be updated at this time. In addition, several other changes are being proposed to conform the rules to current agency procedures.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: No
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not create or enlarge a State mandate.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days of the publication of this Notice to:

Sally Vogl  
Agency Rules Coordinator  
Illinois State Board of Education  
100 North First Street, S-493

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENTS

Springfield, Illinois 62777-0001

217/782-5270

Comments may also be submitted electronically, addressed to:

[rules@isbe.net](mailto:rules@isbe.net)

- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda in which this rulemaking was summarized: This rulemaking did not appear in either of the two most recent Regulatory Agendas because: updating to eliminate references to Part 110 in the agency's rules will occur as time permits, and this rulemaking was not anticipated at the time the Regulatory Agenda was published in July.

The full text of the Proposed Amendments begins on the next page:

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENTS

## TITLE 23: EDUCATION AND CULTURAL RESOURCES

## SUBTITLE A: EDUCATION

## CHAPTER I: STATE BOARD OF EDUCATION

## SUBCHAPTER 0: MISCELLANEOUS

## PART 525

## REGIONAL OFFICES OF EDUCATION AND INTERMEDIATE SERVICES

## Section

525.10	Advisory Boards for Regional Offices of Education
525.20	Purpose (Repealed)
525.30	Membership and Selection (Repealed)
525.40	Duties (Repealed)
525.50	Intermediate Service Centers in Cook County Outside the City of Chicago
525.60	City of Chicago Intermediate Service Center
525.100	Role of Chief Administrator
525.110	Programs and Services to be Provided
525.120	Regional Improvement Plan
525.130	Annual Application
525.140	Program Evaluation Standards and Procedures
525.150	Allocation of Funds
525.160	Fiscal Procedures

AUTHORITY: Implementing and authorized by Sections 2-3.62, 3A-16, and 3A-17 of the School Code [105 ILCS 5/2-3.62, 3A-16, and 3A-17].

SOURCE: Adopted at 18 Ill. Reg. 17447, effective November 28, 1994; amended at 21 Ill. Reg. 2172, effective January 29, 1997; amended at 28 Ill. Reg. 15487, effective November 22, 2004; amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 525.130 Annual Application**

Each Regional Office of Education and Chicago Intermediate Service Center shall submit an annual application. The application shall include the following:

- a) A letter of transmittal which identifies the Regional Office of Education and, in the case of the Chicago Intermediate Service Center Governing Board, shows that the Board has formally approved a motion granting authority to submit the application.

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENTS

- b) A detailed annual plan for the services to be provided by the Regional Office of Education or Chicago Intermediate Service Center pursuant to Section 525.120 of this Part. This plan shall be aligned with the school improvement planning needs identified through surveys of school districts to be conducted by each Regional Office of Education when formulating the plan. Objectives along with specific activities shall be presented. Activity statements shall include:
- 1) an indication of each activity that responds to a need identified in the annual needs assessment as specified in Section 525.120(a)(2) of this Part;
  - 2) an indication of when each activity will be implemented and completed;
  - 3) an indication of who (e.g., Regional Office of Education or Intermediate Service Center staff, consultants) will conduct each activity;
  - 4) an indication of what each activity will accomplish; and
  - 5) evaluation criteria by which progress can be measured.
- c) Job descriptions for the professional and nonprofessional staff to be employed by the Regional Office of Education or Chicago Intermediate Service Center. If there will be part-time employees, the approximate percentage of time they will be assigned to activities shall be submitted. Resumes shall not be submitted.
- d) Services that may be subcontracted are those which the Regional Office of Education or Chicago Intermediate Service Center staff cannot provide.
- 1) The following information regarding subcontracts in excess of \$5,000 shall be provided to the State Board of Education prior to entering into any subcontract:
    - A) a statement of what is needed and why the staff cannot provide it;
    - B) name of the subcontractor;
    - C) the total subcontract amount;
    - D) a description of the goods and/or services to be distributed or

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENTS

delivered;

- E) a detailed budget, including the beginning and ending dates for the proposed subcontract; and
  - F) a resume(s) if the subcontract includes professional services.
- 2) The State Superintendent of Education shall approve a subcontract when the evidence presented demonstrates that a need exists which the Regional Office of Education or Chicago Intermediate Service Center staff cannot meet and that the costs represent fair market value for the goods and/or services to be provided.
- e) Applications shall contain a budget indicating in detail each item of expenditure for the programs and services to be provided. The proposed budget shall be presented on a form provided by the State Board of Education. Expenditures shall be annually audited by ~~an independent auditor~~ the Auditor General pursuant to Section 2-3.17a of the School Code [105 ILCS 5/2-3.17a] and rules of the Auditor General (Code of Regulations; 74 Ill. Adm. Code 420.320(c))~~23 Ill. Adm. Code 110.115~~.
  - f) Applications must be submitted in accordance with directions set forth by the State Superintendent within 45 days after written notice by the State Board of Education. The Regional Office of Education or Chicago Intermediate Service Center shall submit three ~~(3)~~ copies of the application to the State Superintendent, with one copy bearing the original signature of either the Regional Superintendent or Chairperson of the Governing Board, in the case of the Chicago Intermediate Service Center. No FAX copies will be accepted; however, electronic transmission may be allowed as directed by the State Superintendent of Education.
  - g) Applications shall be reviewed by State Board of Education staff. If an application does not meet the criteria set forth in Section 2-3.62 of the School Code and this Part, then State Board staff shall contact the applicant and request the submission of an amended application.
  - h) Upon determining that an application is in compliance with Section 2-3.62 of the School Code and this Part, the State Superintendent of Education shall approve the application and shall notify the Regional Superintendent or, in the case of the

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENTS

Chicago Intermediate Service Center, the Chairperson of the Governing Board and the Administrative Agent, of such approval.

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 525.160 Fiscal Procedures**

- a) The Regional Superintendent of Schools in each Regional Office of Education and the Administrative Agent for the Chicago Intermediate Service Center shall maintain accurate financial records. ~~The financial records shall be maintained in accordance with 23 Ill. Adm. Code 110 (Program Accounting Manual) as applicable.~~ The State Board of Education and its agents shall have full and complete access at all times during regular business hours to files, records and all other property maintained by the Regional Superintendent of Schools or Administrative Agent for programs and services provided pursuant to Section 525.110 of this Part.
- b) All purchases exceeding the amount specified in Section 10-20.21 of the School Code [105 ILCS 5/10-20.21] must be bid in accordance with that Section.
- c) The Regional Superintendent of Schools and the Administrative Agent of the Chicago Intermediate Service Center shall maintain an inventory of equipment ~~(using forms to be provided by the State Board of Education)~~ acquired with funds received directly from the State of Illinois.
- d) The Regional Superintendent of Schools in each Regional Office of Education and the Governing Board of the Chicago Intermediate Service Center shall establish travel regulations. The travel regulations shall include reimbursement rates, designation of reimbursable items, and other conditions deemed necessary.
- e) Registration fees for conferences/workshops are to be determined on a cost-recovery basis, ~~in accordance with 23 Ill. Adm. Code 110.115(f).~~ Excess funds resulting from registrations beyond the anticipated cost-recovery basis shall be deposited in an enterprise fund to be used solely to cover costs incurred due to less-than-anticipated registrations.
- f) A maximum daily rate for consultants shall be established by the Regional Superintendents of Schools and the Governing Board of the Chicago Intermediate Service Center. The maximum daily rate for individual programs cannot exceed

## STATE BOARD OF EDUCATION

## NOTICE OF PROPOSED AMENDMENTS

the rate the State Board of Education establishes in the annual application.

~~g) All unexpended or unobligated funds held by the Regional Office of Education or Chicago Intermediate Service Center at the end of each funding period shall be returned within 45 days to the State Board of Education.~~

g)h) The Regional Superintendent, or the Administrative Agent to the Chicago Intermediate Service Center Governing Board, shall provide on a regular basis such fiscal and programmatic information (e.g., expenditures, revenues, contracts, staffing) as is necessary for the Advisory Board or Governing Board to perform its duties.

(Source: Amended at 33 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF ADOPTED AMENDMENT

- 1) Heading of the Part: Emergency Medical Services and Trauma Center Code
- 2) Code Citation: 77 Ill. Adm. Code 515
- 3) Section Number: 515.380                      Adopted Action:  
Amendment
- 4) Statutory Authority: Emergency Medical Services (EMS) Systems Act [210 ILCS 50]
- 5) Effective Date of Rulemaking: September 18, 2008
- 6) Does this rulemaking contain an automatic repeal date? No
- 7) Does this rulemaking contain incorporations by reference? No
- 8) A copy of the adopted amendment, including any material incorporated by reference, is on file in the agency's principal office and is available for public inspection.
- 9) Notice of Proposed Rulemaking Published in Illinois Register: September 21, 2007; 31 Ill. Reg. 13322
- 10) Has JCAR issued a Statement of Objection to this rulemaking? No
- 11) Differences between proposal and final version: None
- 12) Have all the changes agreed upon by the agency and JCAR been made as indicated in the agreements issued by JCAR? No changes were requested.
- 13) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 14) Are there any amendments pending on this Part? No
- 15) Summary and Purpose of Rulemaking: Public Act 94-865 changed the name of the Department of Public Health Uniform DNR Order Form to the Department of Public Health Uniform DNR Advance Directive. This rulemaking makes changes to the Code to reflect this name change.
- 16) Information and questions regarding this adopted rulemaking shall be directed to:



DEPARTMENT OF PUBLIC HEALTH

NOTICE OF ADOPTED AMENDMENT

Susan Meister  
Division of Legal Services  
Department of Public Health  
535 West Jefferson, 5<sup>th</sup> Floor  
Springfield, Illinois 62761

217/782-2043  
e-mail: [dph.rules@illinois.gov](mailto:dph.rules@illinois.gov)

The full text of the Adopted Amendment begins on the next page:

DEPARTMENT OF PUBLIC HEALTH

NOTICE OF ADOPTED AMENDMENT

TITLE 77: PUBLIC HEALTH  
CHAPTER I: DEPARTMENT OF PUBLIC HEALTH  
SUBCHAPTER f: EMERGENCY SERVICES AND HIGHWAY SAFETY

PART 515  
EMERGENCY MEDICAL SERVICES AND TRAUMA CENTER CODE

SUBPART A: GENERAL

Section	
515.100	Definitions
515.125	Incorporated and Referenced Materials
515.150	Waiver Provisions
515.160	Violations, Hearings and Fines
515.170	Employer Responsibility

SUBPART B: EMS REGIONS

Section	
515.200	Emergency Medical Services Regions
515.210	EMS Regional Plan Development
515.220	EMS Regional Plan Content
515.230	Resolution of Disputes Concerning the EMS Regional Plan
515.240	Bioterrorism Grants

SUBPART C: EMS SYSTEMS

Section	
515.300	Approval of New EMS Systems
515.310	Approval and Renewal of EMS Systems
515.315	Bypass Status Review
515.320	Scope of EMS Service
515.330	EMS System Program Plan
515.340	EMS Medical Director's Course
515.350	Data Collection and Submission
515.360	Approval of Additional Drugs and Equipment
515.370	Automated Defibrillation (Repealed)
515.380	Do Not Resuscitate (DNR) Policy
515.390	Minimum Standards for Continuing Operation
515.400	General Communications

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF ADOPTED AMENDMENT

515.410	EMS System Communications
515.420	System Participation Suspensions
515.430	Suspension, Revocation and Denial of Licensure of EMTs
515.440	State Emergency Medical Services Disciplinary Review Board
515.445	Pediatric Care
515.450	Complaints

## SUBPART D: EMERGENCY MEDICAL TECHNICIANS

## Section

515.500	Emergency Medical Technician-Basic Training
515.510	Emergency Medical Technician-Intermediate Training
515.520	Emergency Medical Technician-Paramedic Training
515.530	EMT Testing and Fees
515.540	EMT Licensure
515.550	Scope of Practice – Licensed EMT
515.560	EMT-B Continuing Education
515.570	EMT-I Continuing Education
515.580	EMT-P Continuing Education
515.590	EMT License Renewals
515.600	EMT Inactive Status
515.610	EMT Reciprocity

## SUBPART E: EMS LEAD INSTRUCTOR, EMERGENCY MEDICAL DISPATCHER, FIRST RESPONDER, PRE-HOSPITAL REGISTERED NURSE, EMERGENCY COMMUNICATIONS REGISTERED NURSE, AND TRAUMA NURSE SPECIALIST

## Section

515.700	EMS Lead Instructor
515.710	Emergency Medical Dispatcher
515.720	First Responder
515.725	First Responder – AED
515.730	Pre-Hospital Registered Nurse
515.740	Emergency Communications Registered Nurse
515.750	Trauma Nurse Specialist
515.760	Trauma Nurse Specialist Program Plan

## SUBPART F: VEHICLE SERVICE PROVIDERS

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF ADOPTED AMENDMENT

## Section

515.800	Vehicle Service Provider Licensure
515.810	EMS Vehicle System Participation
515.820	Denial, Nonrenewal, Suspension and Revocation of a Vehicle Service Provider License
515.825	Alternate Response Vehicle
515.830	Ambulance Licensing Requirements

SUBPART G: LICENSURE OF SPECIALIZED EMERGENCY  
MEDICAL SERVICES VEHICLE (SEMSV) PROGRAMS

## Section

515.900	Licensure of SEMSV Programs – General
515.910	Denial, Nonrenewal, Suspension or Revocation of SEMSV Licensure
515.920	SEMSV Program Licensure Requirements for All Vehicles
515.930	Helicopter and Fixed-Wing Aircraft Requirements
515.935	EMS Pilot Specifications
515.940	Aeromedical Crew Member Training Requirements
515.945	Aircraft Vehicle Specifications and Operation
515.950	Aircraft Medical Equipment and Drugs
515.955	Vehicle Maintenance for Helicopter and Fixed-wing Aircraft Programs
515.960	Aircraft Communications and Dispatch Center
515.965	Watercraft Requirements
515.970	Watercraft Vehicle Specifications and Operation
515.975	Watercraft Medical Equipment and Drugs
515.980	Watercraft Communications and Dispatch Center
515.985	Off-Road SEMSV Requirements
515.990	Off-Road Vehicle Specifications and Operation
515.995	Off-Road Medical Equipment and Drugs
515.1000	Off-Road Communications and Dispatch Center

## SUBPART H: TRAUMA CENTERS

## Section

515.2000	Trauma Center Designation
515.2010	Denial of Application for Designation or Request for Renewal
515.2020	Inspection and Revocation of Designation
515.2030	Level I Trauma Center Designation Criteria
515.2035	Level I Pediatric Trauma Center

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF ADOPTED AMENDMENT

515.2040	Level II Trauma Center Designation Criteria
515.2045	Level II Pediatric Trauma Center
515.2050	Trauma Center Uniform Reporting Requirements
515.2060	Trauma Patient Evaluation and Transfer
515.2070	Trauma Center Designation Delegation to Local Health Departments
515.2080	Trauma Center Confidentiality and Immunity
515.2090	Trauma Center Fund
515.2100	Pediatric Care (Renumbered)
515.2200	Suspension Policy for Trauma Nurse Specialist Certification

## SUBPART I: EMS ASSISTANCE FUND

Section	
515.3000	EMS Assistance Fund Administration

## SUBPART J: EMERGENCY MEDICAL SERVICES FOR CHILDREN

Section	
515.4000	Facility Recognition Criteria for the Emergency Department Approved for Pediatrics (EDAP)
515.4010	Facility Recognition Criteria for the Standby Emergency Department Approved for Pediatrics (SEDP)
515.APPENDIX A	A Request for Designation (RFD) Trauma Center
515.APPENDIX B	A Request for Renewal of Trauma Center Designation
515.APPENDIX C	Minimum Trauma Field Triage Criteria
515.APPENDIX D	Standing Medical Orders
515.APPENDIX E	Minimum Prescribed Data Elements
515.APPENDIX F	Template for In-House Triage for Trauma Centers
515.APPENDIX G	Credentials of General/Trauma Surgeons Level I and Level II
515.APPENDIX H	Credentials of Emergency Department Physicians Level I and Level II
515.APPENDIX I	Credentials of General/Trauma Surgeons Level I and Level II Pediatric Trauma Centers
515.APPENDIX J	Credentials of Emergency Department Physicians Level I and Level II Pediatric Trauma Centers
515.APPENDIX K	Application for Facility Recognition for Emergency Department with Pediatrics Capabilities
515.APPENDIX L	Pediatric Equipment Recommendations for Emergency

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF ADOPTED AMENDMENT

515.APPENDIX M                      Departments  
Interfacility Pediatric Trauma and Critical Care Consultation  
and/or Transfer Guideline

**AUTHORITY:** Implementing and authorized by the Emergency Medical Services (EMS) Systems Act [210 ILCS 50].

**SOURCE:** Emergency Rule adopted at 19 Ill. Reg. 13084, effective September 1, 1995 for a maximum of 150 days; emergency expired January 28, 1996; adopted at 20 Ill. Reg. 3203, effective February 9, 1996; emergency amendment at 21 Ill. Reg. 2437, effective January 31, 1997, for a maximum of 150 days; amended at 21 Ill. Reg. 5170, effective April 15, 1997; amended at 22 Ill. Reg. 11835, effective June 25, 1998; amended at 22 Ill. Reg. 16543, effective September 8, 1998; amended at 24 Ill. Reg. 8585, effective June 10, 2000; amended at 24 Ill. Reg. 9006, effective June 15, 2000; amended at 24 Ill. Reg. 19218, effective December 15, 2000; amended at 25 Ill. Reg. 16386, effective December 20, 2001; amended at 26 Ill. Reg. 18367, effective December 20, 2002; amended at 27 Ill. Reg. 1277, effective January 10, 2003; amended at 27 Ill. Reg. 6352, effective April 15, 2003; amended at 27 Ill. Reg. 7302, effective April 25, 2003; amended at 27 Ill. Reg. 13507, effective July 25, 2003; emergency amendment at 29 Ill. Reg. 12640, effective July 29, 2005, for a maximum of 150 days; emergency expired December 25, 2005; amended at 30 Ill. Reg. 8658, effective April 21, 2006; amended at 32 Ill. Reg. 16255, effective September 18, 2008.

## SUBPART C: EMS SYSTEMS

**Section 515.380 Do Not Resuscitate (DNR) Policy**

- a) A System shall adopt a Regional standardized DNR policy for use by System personnel. The policy shall be implemented only after it has been reviewed and approved by the Department, in accordance with the requirements of this Section. For purposes of this Section, DNR refers to the withholding of cardiopulmonary resuscitation (CPR) and cardiocerebral resuscitation (CCR); electrical therapy to include pacing, cardioversion and defibrillation; invasive airway management and manually or mechanically assisted ventilations, unless otherwise stated on the DNR [Advance Directive Order](#).
- b) The policy shall include, but not be limited to, specific procedures and protocols for cardiac arrest/DNR situations arising in long-term care facilities, with hospice and home care patients, and with patients who arrest during inter-hospital transfers or transportation to or from home.

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## NOTICE OF ADOPTED AMENDMENT

- c) The policy shall include specific procedures and protocols for withholding CPR and CCR in situations where explicit signs of biological death are present (e.g., decapitation, rigor mortis without profound hypothermia, profound dependent lividity), or the patient has been declared dead by a coroner/medical examiner or the patient's physician. The policy shall include recording such information on the patient care report.
- d) For situations not covered by subsection (c) of this Section, the policy shall require that resuscitative procedures be followed unless a valid DNR [Advance DirectiveOrder](#) is present.
- e) *The Department of Public Health Uniform DNR [Advance DirectiveOrder form](#) or a copy of that [Advance Directiveform](#) shall be honored.* (Section 3.57 of the Act) If the Department Uniform DNR [Advance DirectiveOrder form](#) is reproduced, it is recommended that brightly colored paper be used. Systems shall also have a policy in place concerning recognition of other DNR [Advance Directivesorders](#). The information required on the Department Uniform DNR [Advance DirectiveOrder form](#) includes, but is not limited to, the following items:
- 1) Name of the patient,
  - 2) Name and signature of attending physician,
  - 3) Effective date,
  - 4) The words "Do Not Resuscitate",
  - 5) Evidence of consent—~~either~~:
    - A) signature of patient; or
    - B) signature of legal guardian; or
    - C) signature of durable power of attorney for health care agent; or
    - D) signature of surrogate decision-maker.
- f) A living will by itself cannot be recognized by pre-hospital care providers.

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF ADOPTED AMENDMENT

- g) Revocation of a written DNR [Advance Directive Order](#) shall be made only in one or more of the following ways:
- 1) The [Advance Directive Order](#) is physically destroyed by the physician who signed the [Advance Directive Order](#) or by the person who gave written consent to the [Advance Directive Order](#); or
  - 2) The [Advance Directive Order](#) is verbally rescinded by the physician who signed the [Advance Directive Order](#) or by the person who gave written consent to the [Advance Directive Order](#) and the word "VOID" is written in large letters across the front of the [Advance Directive Order](#), and the [Advance Directive Order](#) is signed and dated by the physician who signed the [Advance Directive Order](#) or by the person who gave written consent to the [Advance Directive Order](#).
- h) A System's DNR policy shall require System personnel to make a reasonable attempt to verify the identity of the patient (for example, identification by another person or an identifying bracelet) named in a valid DNR [Advance Directive Order](#).
- i) The policy shall describe the roles of the on-line medical control physician and ECRN in DNR situations.
- j) The policy shall state which System EMS personnel are authorized to respond to a valid DNR [Advance Directive Order](#) (EMT-P, EMT-I, EMT-B, Pre-hospital RN, First Responder (FR), First Responder/Automated External Defibrillator (FR/AED)).
- k) The policy shall cross-reference the System's coroner/medical examiner notification policy.
- l) The policy shall describe the System's program for educating System personnel concerning the policy.
- m) The policy shall identify the quality assurance measures specific to this policy, including the methods and periods of review.

(Source: Amended at 32 Ill. Reg. 16255, effective September 18, 2008)



## STATE BOARD OF EDUCATION

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- 1) Heading of the Part: Education of Homeless Children and Youth State Grant Program
- 2) Code Citation: 23 Ill. Adm. Code 245
- 3) 

<u>Section Numbers</u> :	<u>Proposed Action</u> :
245.10	New Section
245.20	New Section
245.30	New Section
245.40	New Section
245.50	New Section
245.60	New Section
- 4) Statutory Authority: 105 ILCS 5/2-3.6 and implementing 105 ILCS 45
- 5) Effective Date of Rules: September 22, 2008
- 6) If this emergency rulemaking is to expire before the end of the 150-day period, please specify the date on which it is to expire: This rule will be in force until replaced by regular rulemaking or until the end of the 150-day period, whichever occurs sooner.
- 7) Date Filed with the Index Department: September 22, 2008
- 8) A copy of the adopted rule, including any material incorporated by reference, is on file in the agency's principal office and is available for public inspection.
- 9) Reason for Emergency: The FY 2009 appropriation bill, enacted on August 6, 2008 (P.A. 95-734), provided \$3 million for homeless education. It has been determined that awarding grants on a formula basis to all eligible applicants (i.e., 869 school districts) would provide insufficient funding to each individual school district for it to implement an effective program. Using a competitive process to award grants necessitates the development of administrative rules to set forth the agency's policies related to this grant program.

The rules are being presented as emergency rules, since the public interest is best served by providing FY 2009 funding to qualifying programs close to the start of the 2008-09 school year. This will enable the establishment of State-funded homeless education programs as soon as possible, thereby ensuring that homeless children and youth benefit from needed services for the majority of the school year. Without emergency rules, the soonest the agency would be able to issue an RFP would be spring 2009. Allowing for a

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30-day response time for applicants to submit proposals, it is unlikely that grants could be awarded before April or May 2009, which may cause a delay of at least a year for program implementation.

- 10) A Complete Description of the Subjects and Issues Involved: The agency has received \$3 million to fund homeless education programs for FY 2009. This appropriation was being considered at the same time as HB 2210, which would have amended the Education for Homeless Children Act (105 ILCS 45) to establish a competitive grant program to "support school districts throughout this state in facilitating the enrollment, attendance and success of homeless children and youth". The program was to complement the federal McKinney-Vento Homeless Assistance Act by limiting allowable activities under the State grant to those authorized under the federal program. In FY 2009, the State received approximately \$3.2 million under the federal program.

HB 2210, which would have established the requirements for the grant program, failed to pass out of the General Assembly, however, due to an amendment by the Senate that was procedural in nature rather than substantive to the program. For this reason, the emergency rules incorporate the intent of the bill by focusing the State program on the goals and requirements of the McKinney-Vento Act. The emergency rules set forth the eligible applicants, proposal procedures and content, and the criteria for review and approval of proposals. Grants will be made for a three-year period; funding in subsequent years will be contingent upon a sufficient appropriation and satisfactory progress of the grantee in the preceding grant period. In years in which the appropriation is insufficient to fund effective, individual programs, the grant will be used for Statewide services and activities that are consistent with the services and activities allowed under the rules.

- 11) Are there any proposed rulemakings to this Part pending? No
- 12) Statement of Statewide Policy Objective: This rulemaking will not create or enlarge a State mandate.
- 13) Information and questions regarding these rules shall be directed to:

Gina Hopper, Division Administrator  
Division of Grants and Programs  
Illinois State Board of Education  
100 North First Street, N-242  
Springfield, Illinois 62777-0001

STATE BOARD OF EDUCATION

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217/524-4832

The full text of the Emergency Rules begins on the next page:

## STATE BOARD OF EDUCATION

## NOTICE OF EMERGENCY RULES

## TITLE 23: EDUCATION AND CULTURAL RESOURCES

## SUBTITLE A: EDUCATION

## CHAPTER I: STATE BOARD OF EDUCATION

## SUBCHAPTER f: INSTRUCTION FOR SPECIFIC STUDENT POPULATIONS

## PART 245

## EDUCATION OF HOMELESS CHILDREN AND YOUTH STATE GRANT PROGRAM

## Section

245.10 Purpose and Applicability

EMERGENCY

245.20 Eligible Applicants

EMERGENCY

245.30 Application Procedures and Content

EMERGENCY

245.40 Proposal Review, Approval and Grant Award

EMERGENCY

245.50 Application Content and Approval for Continuation Programs

EMERGENCY

245.60 Statewide Activities

EMERGENCY

**AUTHORITY:** Implementing the Education for Homeless Children Act [105 ILCS 45] and authorized by Section 2-3.6 of the School Code [105 ILCS 5/2-3.6].

**SOURCE:** Old Part repealed at 29 Ill. Reg. 18462, effective October 31, 2005; new Part adopted by emergency rulemaking at 32 Ill. Reg. 16264, effective September 22, 2008, for a maximum of 150 days.

**Section 245.10 Purpose and Applicability****EMERGENCY**

- a) This Part establishes the procedure and criteria for approval by the State Board of Education of programs to facilitate the enrollment, attendance, and educational achievement of homeless children and youth.
- b) It is the intention of the Education of Homeless Children and Youth State Grant Program to supplement, but operate independently of, the programs funded under

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Subtitle B, Title VII of the federal McKinney-Vento Homeless Assistance Act (42 USC 11431 et seq.).

- c) Services provided under the grant program shall not replace the regular academic program of the school.

**Section 245.20 Eligible Applicants**  
**EMERGENCY**

- a) Proposals for grant awards under this Part may be submitted only by public school districts, public university laboratory schools approved by the State Board of Education pursuant to Section 18-8.05(K) of the School Code [105 ILCS 5/18-8.05(K)], and charter schools.
- b) Each RFP shall state whether joint applications for funds may be submitted by any combination of eligible applicants, as described in subsection (a) of this Section, subject to the conditions stated in subsections (b)(1), (b)(2) and (b)(3) of this Section.
  - 1) If a joint application is submitted, then an administrative agent shall be designated from among the participating eligible applicants.
  - 2) The superintendent from each of the participating school districts and the official authorized to submit a proposal on behalf of any other eligible entity as defined in subsection (a) of this Section shall sign the joint application.
  - 3) An eligible applicant shall only participate in one proposal for a State-funded homeless education program.

**Section 245.30 Application Procedures and Content**  
**EMERGENCY**

- a) When an appropriation is made for the State-funded homeless education program, the State Superintendent of Education shall issue a Request for Proposals (RFP) specifying the information that applicants shall include in their proposals, informing applicants of any bidders' conferences, and requiring that proposals be submitted no later than the date specified in the RFP. The RFP shall provide at least 30 calendar days in which to submit proposals.

## STATE BOARD OF EDUCATION

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- b) It is the intention of the State Board of Education to approve Education of Homeless Children and Youth State Grant programs for a three-year period. Funding in each subsequent year is subject to a sufficient appropriation for the program and satisfactory progress of the grantee in the previous grant period. (See Section 245.50 of this Part.)
- c) Each RFP shall indicate the descriptive information that initial applicants will be required to provide about their proposed programs. For the purposes of this Part, initial applicants are those that did not receive funding under this Part in the year previous to an application or that are completing the last year in a three-year funding cycle. The proposal description shall include:
- 1) evidence of the applicant's need for assistance under this Part, to include the process used to determine the need; demographic and other statistical information; and the barriers to school enrollment, attendance and success faced by homeless children and youth to be served;
  - 2) a list of the activities and services to be provided, which shall be limited to those set forth under Section 723(d) of the McKinney-Vento Homeless Education Assistance Improvements Act of 2001, and how the proposed activities and services will meet the needs of homeless children and youth who will be served by the program;
  - 3) how the applicant will ensure effective coordination with other providers that serve homeless families; and
  - 4) the data to be collected and methods to be used to determine the success of the program in ensuring that homeless children and youth receive the supports and services necessary for them to meet the Illinois State Goals for Learning (see 23 Ill. Adm. Code 1.Appendix D).
- d) The RFP shall require completion of a budget summary and payment schedule as well as a budget breakdown, i.e., a detailed explanation of each line item of expenditure.
- e) Each RFP shall include such certifications, assurances and program-specific terms of the grant, as the State Board of Education may require, to be signed by the applicant that is a party to the application and submitted with the proposal.

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- f) Applicants may be requested to clarify various aspects of their proposals. The contents of the approved proposal shall be incorporated into a grant agreement to be signed by the State Superintendent of Education or designee and the superintendent of the school district or, in the case of other eligible applicants, by the authorized official.

**Section 245.40 Proposal Review, Approval and Grant Award  
EMERGENCY**

- a) Proposals submitted for funding to establish a State-funded homeless education program shall be evaluated in accordance with the following criteria.
- 1) There is sufficient need for the program, as evidenced by the number or proportion of students identified as eligible for program services. Convincing evidence is presented of the applicant's inability to adequately meet the needs of its homeless children and youth without the additional assistance provided pursuant to this Part. (25 points)
  - 2) The proposed activities and other services to be provided have a strong potential for helping the applicant design and continue programs that enable homeless children and youth to achieve stability and integration within the regular education programs in order to reach the same challenging State content and student performance standards to which all children and youth are held, including preparation for self-sufficiency. The proposed activities and services address effective mechanisms for involving parents or guardians of homeless children and youth in the education of their children. (35 points)
  - 3) The proposal demonstrates that effective coordination with private, non-profit entities, social services agencies and others serving homeless children and youth and their families will occur, as necessary, so that the applicant is able to provide services that are appropriate and comprehensive. (15 points)
  - 4) The proposed evaluation process is designed to assess the effectiveness of the program's activities and services in relation to the program's goals and objectives and likely to produce data that can be used to improve the program. (15 points)

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## NOTICE OF EMERGENCY RULES

- 5) The proposed budget is consistent with the proposal's activities and appears to be cost-effective. (10 points)
- b) Priority consideration may be given to proposals with specific areas of emphasis, as identified by the State Superintendent of Education in a particular RFP.
- c) The State Superintendent of Education shall determine the amount of individual grant awards. The final award amounts shall be based upon:
  - 1) the total amount of funds available for the Education of Homeless Children and Youth State Grant Program; and
  - 2) the resources requested in the top-ranked proposals, as identified pursuant to subsections (a) and (b) of this Section.

**Section 245.50 Application Content and Approval for Continuation Programs  
EMERGENCY**

The requirements of this Section shall apply to those applicants seeking funding to continue State-funded homeless education programs beyond the initial grant period.

- a) In order to continue to operate an Education of Homeless Children and Youth State Grant program, a grantee each year shall submit an application for continuation. The application shall include at least the following:
  - 1) an overview of the program, addressing the activities and services proposed for the renewal period;
  - 2) budget information for the year in which the application is being made; and
  - 3) the certifications, assurances and program-specific terms of the grant referred to in Section 245.30(e) of this Part applicable to the renewal period.
- b) An Education of Homeless Children and Youth State Grant program shall be approved for continuation provided that:



## STATE BOARD OF EDUCATION

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- 1) a need continues to exist for the program, as evidenced by proposed numbers of homeless children and youth to be served whose needs are not currently being met;
- 2) the activities and services proposed will be effective in facilitating the enrollment, attendance, and educational success of homeless children and youth;
- 3) the proposed budget is cost-effective, as evidenced by the cost of proposed services in relation to the numbers to be served and the services to be provided; and
- 4) in the year previous to the continuation application, the applicant complied with the terms and conditions of any grant it received pursuant to this Part.

**Section 245.60 Statewide Activities  
EMERGENCY**

If, in any fiscal year, the amount of the appropriation for the Education of Homeless Children and Youth State Grant Program is too small to provide individual grant awards to new grantees or to fund all eligible continuation awards at a level that is sufficient to adequately assist homeless children and youth served by the grantees, then the State Superintendent of Education may devote the entire amount available to provide services and activities that are consistent with this Part on a statewide basis.

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

STATEMENT OF OBJECTION  
TO EXISTING RULE

STATE BOARD OF EDUCATION

Heading of the Part: Public Schools Evaluation, Recognition and Supervision

Code Citation: 23 Ill. Adm. Code 1

Section Number: 1.75

At its meeting on 9/16/08, the Joint Committee on Administrative Rules objected to the State Board of Education's failure to adhere to Agreements with JCAR entered in connection with a rulemaking adopted effective November 23, 2005 (23 Ill. Adm. Code 1; 29 Ill. Reg. 19891). The Board had agreed to add to Section 1.75 (Student Information System) guidelines under which districts are to report data, establishing how districts lacking technological capacity to participate in the electronic system will submit data, and setting timelines for submissions. Three years ago, the State Board agreed to add those details to its rules, but it has failed to do so. Instead, the Board continues to maintain this policy outside rule.

Failure of the agency to respond within 90 days after receipt of the Statement of Objection shall be deemed a refusal. The agency's response will be placed on the JCAR agenda for further consideration.

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

STATEMENT OF OBJECTION  
TO PROPOSED RULEMAKING

STATE BOARD OF ELECTIONS

Heading of the Part: Registration of Voters

Code Citation: 26 Ill. Adm. Code 216

Section Number: 216.50

Date Originally Published in the Illinois Register: 6/27/08  
32 Ill. Reg. 9124

At its meeting on 9/16/08, the Joint Committee on Administrative Rules objected to the State Board of Elections rulemaking titled Registration of Voters (26 Ill. Adm. Code 216; 32 Ill. Reg. 9124) because the Board lacks statutory authority to permit election authorities in counties having a population of 500,000 or more to cancel voters' registration based on an obituary listing, coupled with confirmation by the funeral director. If the Board wants to implement federal recommendations that are broader than the provisions of the Election Code, it should first seek amendment of the Code.

Failure of the agency to respond within 90 days after receipt of the Statement of Objection shall constitute withdrawal of this proposed rulemaking. The agency's response will be placed on the JCAR agenda for further consideration.

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLYSTATEMENT OF OBJECTION TO AND FILING PROHIBITION  
OF PROPOSED RULEMAKING

## STATE BOARD OF EDUCATION

Heading of the Part: Special Education Facilities Under Section 14-7.02 of the School Code

Code Citation: 23 Ill. Adm. Code 401

Section Numbers: 401.10  
401.30  
401.210  
401.270

Date Originally Published in the Illinois Register: 4/4/08  
32 Ill. Reg. 4705

At its meeting on September 16, 2008, the Joint Committee on Administrative Rules voted to object to the above proposed rulemaking and prohibit its filing with the Secretary of State. The reasons for the Objection and Prohibition are as follows:

SBE is implementing a policy denying Illinois special education students State support for the education and training their IEP team has deemed most appropriate. The school district, IEP team and parents have the statutorily granted right and responsibility to devise the educational plans for these students based on the child's individual needs. Section 14-7.02 of the School Code gives SBE the Authority to approve the use of private and out-of-state programs to provide special education services to Illinois children, but the statute provides only 2 standards for approval or disapproval: the types of services needed by the child and the availability of those services in the public school. It does not say SBE can disapprove because it does not agree with intervention strategies used by the program. That issue is more appropriately determined by the IEP and the state with regulatory authority over the facility. JCAR determines that SBE's enforcement of this policy presents a threat to the public interest.

The proposed rulemaking may not be filed with the Secretary of State or enforced by the State Board of Education for any reason following receipt of this certification and statement by the Secretary of State for as long as the Filing Prohibition remains in effect.

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

NOTICE OF FAILURE TO REMEDY OBJECTION  
TO ADOPTED RULE

ILLINOIS VIOLENCE PREVENTION AUTHORITY

- 1) Heading of Part: Public Information, Rulemaking and Organization
- 2) Code Citation: 2 Ill. Adm. Code 1770
- 3) Section Numbers:

1770.100	1770.140	1770.230	1770.270
1770.110	1770.200	1770.240	1770.280
1770.120	1770.210	1770.250	1770.300
1770.130	1770.220	1770.260	1770.310
- 4) Notice of Adoption Published in Illinois Register: 5/9/08; 32 Ill. Reg. 7417
- 5) Summary of Rulemaking: The Illinois Violence Prevention Authority is creating organizational rules defining its structure, rulemaking procedures (will do only these organizational rules) and public information policies.
- 6) JCAR Action: Objection (5/20/08; 32 Ill. Reg. 8447)
- 7) Basis for JCAR Action: JCAR objected because the rules will apparently lead to VPA following policy not in rule. Section 1770.300 states that VPA's rulemaking authority is limited to a description of the organization, procedures for handling public information requests, and a description of its procedures for adopting and amending these required organizational rules. JCAR noted that the IAPA grants rulemaking authority and responsibilities to all State agencies as defined in that Act, which includes statutorily created Authorities. Under the Violence Prevention Act of 1995, VPA allocates funds and makes grants from available appropriations and other private, State or federal funds to community and statewide organizations. If it fails to adopt rules governing application procedures, award criteria, etc., VPA would be disregarding the IAPA requirement that policy affecting an entity outside the agency be adopted and implemented through rules. JCAR recommended that VPA propose rules for publication in the *Illinois Register* within the next 3 months that set out standards and procedures for awarding Authority grants.
- 8) Agency Response: The VPA response to the Objection was published in the Illinois Register at 32 Ill. Reg. 14357. In short, VPA agreed to address technical issues raised by the JCAR Objection, but stated it believes it has no statutory authority to adopt rules

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

NOTICE OF FAILURE TO REMEDY OBJECTION  
TO ADOPTED RULE

ILLINOIS VIOLENCE PREVENTION AUTHORITY

governing the awarding of grants. VPA stated it has requested an Attorney General opinion with respect to the question of its authority to adopt these rules. Should the AG advise that VPA has the authority to make such rules, it will do so. If the AG agrees that VPA has no authority to make grant rules and if JCAR recommends that VPA seek legislation to authorize such rulemaking, VPA would be willing to seek such legislation. Additionally, VPA will amend its rules to eliminate the statement that it will adopt only organizational rule and will promulgate rules of practice and procedure governing its actions under the Grant Funds Recovery Act.

- 9) Basis for JCAR Determination of Failure to Remedy: If VPA believes there is a valid reason why it should not be subject to the requirements of the Illinois Administrative Procedure Act and the supporting Supreme Court decisions that require all State agency policies that affect persons outside the agency to be adopted as rules under the IAPA, it should seek an amendment to Section 1-5 of the IAPA granting that exemption. Until an exemption from this responsibility is granted by the General Assembly, JCAR expects the Authority to adhere to statutory requirements. Proper promulgation of State agency policies is particularly important in situations involving the distribution of State funds through grants in order to assure the citizenry of Illinois that its public monies are being allocated fairly, equitably and in accordance with openly created procedures. This Committee is disappointed in the Violence Prevention Authority's resistance to adherence to the IAPA and the public protections it affords, and, therefore, is issuing a Notice of Failure to Remedy.

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

NOTICE OF FAILURE TO REMEDY OBJECTION TO  
AND SUSPENSION OF PEREMPTORY RULEMAKING

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

- 1) Heading of Part: Medical Assistance Programs
- 2) Code Citation: 89 Ill. Adm. Code 120
- 3) Section Number: 120.328
- 4) Notice of Proposal Published in Illinois Register: 5/2/08; 32 Ill. Reg. 7212
- 5) Summary of Rulemaking: The preemptory rule purported to respond to the 4/15/08 Memorandum Opinion and Order issued by the Cook County Circuit Court, Chancery Division in the case of *Caro v. Blagojevich*. Individuals in the FamilyCare expansion program are required to search for work or be in a training/vocational program.
- 6) JCAR Action: Objection and Suspension; 5/20/08; 32 Ill. Reg. 8450
- 7) Basis for JCAR Action: JCAR objected to and suspended HFS' preemptory rule because use of preemptory rulemaking violates Section 5-50 of the Illinois Administrative Procedure Act (IAPA). Section 5-50 of the IAPA allows preemptory rulemaking to be used only when the rulemaking is required as a result of federal law, federal rules and regulations, an order of a court or a collective bargaining agreement that precludes the exercise of agency discretion as to the content of the rule and that precludes adoption of rules through regular rulemaking. The analysis portion of the court's Memorandum Opinion and Order entered on 4/15/08, which HFS cites as the reason for this preemptory rulemaking, notes that not all TANF requirements are met by the expanded FamilyCare Program emergency rules, specifically the requirement that the adult be employed or engaged in a job search. The judge's specific order preliminarily enjoins HFS from "enforcing the Emergency Rules or expending any public funds related to the FamilyCare Program created by the Emergency Rule". The court order did not direct HFS to amend its rules in any way, including insertion of employment and job search requirements, nor did the court set any deadline for action that precludes the use of regular rulemaking procedures.
- 8) Agency Response: None
- 9) Basis for JCAR Determination of Failure to Remedy: HFS failed to respond to JCAR's

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JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

NOTICE OF FAILURE TO REMEDY OBJECTION TO  
AND SUSPENSION OF PEREMPTORY RULEMAKING

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Objection by the 8/19/08 statutory deadline. JCAR found that the failure to respond did not remedy the cause of the Objection/Suspension.



JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

NOTICE OF FAILURE TO REMEDY OBJECTION TO  
AND SUSPENSION OF PEREMPTORY RULEMAKING

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

- 1) Heading of Part: Medical Payment
- 2) Code Citation: 89 Ill. Adm. Code 140
- 3) Section Numbers: 140.414 140.422 140.427 140.443
- 4) Notice of Proposal Published in Illinois Register: 4/18/08; 32 Ill. Reg. 6743
- 5) Summary of Rulemaking: The preemptory rule implements a federal law requiring all non-electronic prescriptions to be written on tamper-resistant prescription pads in order to be eligible for reimbursement under Medicaid.
- 6) JCAR Action: Objection and Suspension; 5/20/08; 32 Ill. Reg. 8449
- 7) Basis for JCAR Action: JCAR objected to and suspended HFS' preemptory rule because this use of preemptory rulemaking violates Section 5-50 of the Illinois Administrative Procedure Act (IAPA). Section 5-50 of the IAPA allows preemptory rulemaking to be used when rulemaking is required as a result of federal law that precludes the exercise of agency discretion as to the content of the rule and that precludes use of general rulemaking procedures. Both the underlying federal statute and the guidance document issued by the Centers for Medicare and Medicaid Services in August 2007 allow for state discretion in regulating the use of tamper-resistant prescription pads. Additionally, since the agency has known since 9/29/07 that it had until 3/31/08 to implement this program, it had the opportunity to do so through the regular rulemaking process. The preemptory rules' inclusion of provisions not related to the federal action doubly violates preemptory rulemaking authority.
- 8) Agency Response: None
- 9) Basis for JCAR Determination of Failure to Remedy: HFS failed to respond to JCAR's Objection by the 8/19/08 statutory deadline. JCAR found that HFS' failure to respond did not remedy the cause of the Objection/Suspension.

## DEPARTMENT OF PUBLIC HEALTH

NOTICE OF RESPONSE TO A RECOMMENDATION OF THE  
JOINT COMMITTEE ON ADMINISTRATIVE RULES

- 1) Heading of the Part: Emergency Medical Services and Trauma Center Code
- 2) Code Citation: 77 Ill. Adm. Coded 515
- 3) Sections Number: 515.380
- 4) Date Notice of Proposed Rules Published in the Illinois Register: September 21, 2007;  
31 Ill. Reg. 13322
- 5) Date JCAR Statement of Recommendation Published in the Illinois Register: September  
5, 2008; 32 Ill. Reg. 14611
- 6) Summary of Action Taken by the Agency: The Joint Committee on Administrative  
Rules recommended that the Department of Public Health be more timely in updating its  
rules to reflect statutory changes.

The Department of Public Health agrees with the Joint Committee's Recommendation.

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

SECOND NOTICES RECEIVED

The following second notices were received by the Joint Committee on Administrative Rules during the period of September 16, 2008 through September 22, 2008 and have been scheduled for review by the Committee at its Thursday, October 16, 2008 meeting. Other items not contained in this published list may also be considered. Members of the public wishing to express their views with respect to a rulemaking should submit written comments to the Committee at the following address: Joint Committee on Administrative Rules, 700 Stratton Bldg., Springfield IL 62706.

<u>Second Notice Expires</u>	<u>Agency and Rule</u>	<u>Start Of First Notice</u>	<u>JCAR Meeting</u>
10/31/08	<u>Department of Agriculture</u> , Weights and Measures Act (8 Ill. Adm. Code 600)	7/18/08 32 Ill. Reg. 10670	10/16/08
10/31/08	<u>Department of Natural Resources</u> , Cock Pheasant, Hungarian Partridge, Bobwhite Quail, and Rabbit Hunting (17 Ill. Adm. Code 530)	7/25/08 32 Ill. Reg. 11310	10/16/08
10/31/08	<u>Department of Natural Resources</u> , Revocation Procedures for Conservation Offenses (17 Ill. Adm. Code 2530)	7/25/08 32 Ill. Reg. 11336	10/16/08
10/31/08	<u>Department of Revenue</u> , Retailers' Occupation Tax (86 Ill. Adm. Code 130)	7/18/08 32 Ill. Reg. 10806	10/16/08
10/31/08	<u>Department of Transportation</u> , Relocation Assistance Services and Payments Program For State Highway Projects (32 Ill. Adm. Code 518)	8/1/08 32 Ill. Reg. 12189	10/16/08
10/31/08	<u>Department of Transportation</u> , Relocation Assistance and Payments Program (Repealer) (92 Ill. Adm. Code 518)	8/1/08 32 Ill. Reg. 12199	10/16/08
10/31/08	<u>Department of Transportation</u> , Oversize and Overweight Permit Movements on State	8/1/08 32 Ill. Reg.	10/16/08

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

## SECOND NOTICES RECEIVED

	Highways (92 Ill. Adm. Code 554)	12293	
11/1/08	<u>Department of Revenue</u> , Income Tax (86 Ill. Adm. Code 100)	8/1/08 32 Ill. Reg. 12164	10/16/08
11/2/08	<u>State Board of Education</u> , School Food Service (23 Ill. Adm. Code 305)	4/4/08 32 Ill. Reg. 4692	10/16/08
11/2/08	<u>State Board of Education</u> , Mentoring Program for New Principals (23 Ill. Adm. Code 35)	7/11/08 32 Ill. Reg. 9870	10/16/08

## PROCLAMATIONS

**2008-366****SPECIAL SESSION PROCLAMATION**

**WHEREAS**, the people of the State of Illinois deserve to have full faith and trust in the integrity of governmental decision-making and the process by which taxpayer dollars are spent; and

**WHEREAS**, I am committed to enhancing public trust in government by promoting high ethical standards in the procurement process and other areas of State government, and by supporting strong measures to enforce those standards; and

**WHEREAS**, I have signed an Executive Order that implements enhanced ethical standards in the State procurement process as applied to all State agencies under my jurisdiction and control; and

**WHEREAS**, to ensure full transparency in government and its decision making, it is imperative that all State elected officials adhere to the same high standards in ethics, and avoid transactions that may appear to compromise the independence of governmental decisions; and

**WHEREAS**, political contributions by State contractors to State elected officials or to political organizations that make expenditures on behalf of such officers contribute to public cynicism regarding the integrity of the government procurement process; and

**WHEREAS**, the potential for conflicts of interest created by dual governmental employment jeopardizes public trust in government; and

**WHEREAS**, to promote transparency, it is crucial that those State elected officials who lobby or appear before a governmental entity on behalf of clients, for economic gain, be required to disclose such information; and

**WHEREAS**, to ensure accountability, it is important that all increases in pay, whether for members of the executive or legislative branch, be subject to the affirmative approval of the General Assembly; and

**WHEREAS**, I have proposed recommendations to House Bill 824 to enhance ethical standards by uniformly applying restrictions to political contributions by State contractors to all State elected officials who play a role in the procurement process, enhancing lobbying disclosures, prohibiting dual public employment, and requiring an affirmative vote for executive and legislative pay raises; and

**WHEREAS**, these measures are intended to and will increase transparency, accountability, and public confidence in government; and

## PROCLAMATIONS

**WHEREAS**, given the significance of ethics in government, it imperative that the General Assembly promptly engage in debate and discussion aimed at implementing comprehensive ethics reform in the State of Illinois.

**THEREFORE**, pursuant to Article IV, Section 5 (b) of the Illinois Constitution of 1970, I hereby call and convene the 95<sup>th</sup> General Assembly, in duly constituted quorums capable of conducting business, in a special session to commence on September 22, 2008, at 1:00 p.m., to consider measures aimed at formulating and implementing comprehensive ethics reform.

Dated: September 18, 2008

Issued: September 18, 2008

**2008-367****Carlos Zambrano Day**

WHEREAS, on Sunday September 14, at Miller Park in Milwaukee, Wisconsin, Chicago Cubs pitcher Carlos Zambrano threw a no-hitter for a 5-0 win over the Houston Astros; and

WHEREAS, with this accomplishment, Zambrano became the first Chicago Cub pitcher since Milt Pappas in 1972 to throw a no-hitter; and

WHEREAS, this was also the first neutral-site no-hitter in baseball history. The teams were playing in Milwaukee instead of Houston because of Hurricane Ike; and

WHEREAS, before a crowd of 23,441, Zambrano dominated in a 110-pitch outing, striking out a season-high 10 batters and walking only one; and

WHEREAS, Zambrano's pitching performance was so dominant that only two balls left the infield all night, and while there were no close calls or spectacular plays needed to preserve the no-hitter, Zambrano himself did make two good plays in the field to keep the no-hitter in-tact; and

WHEREAS, Zambrano's fastball was clocked at 98 m.p.h. and his single in the third inning gave him one more hit than the entire Houston Astros team; and

WHEREAS, Carlos Zambrano is a great pitcher, a great ballplayer and brings great enthusiasm to the game of baseball; and

## PROCLAMATIONS

WHEREAS, Zambrano's spectacular performance on Sunday, September 14, now takes its place among the most memorable moments in the storied history of the Chicago Cubs:

THEREFORE, I, Rod R. Blagojevich, Governor of the State of Illinois, do hereby proclaim September 16, 2008 as **CARLOS ZAMBRANO DAY** in Illinois in recognition of this extraordinary athletic accomplishment.

Issued by the Governor September 15, 2008

Filed by the Secretary of State September 19, 2008.

**2008-368****Phantom Regiment Drum and Bugle Corps**

WHEREAS, the Phantom Regiment Drum and Bugle Corps is a non-profit drum and bugle corps that competes throughout the nation and Canada; and

WHEREAS, the corps is comprised of a brass horn line and a percussion section, which includes a front ensemble, a color guard, and drum majors. They field 150 members who range in age from 16-22 years; and

WHEREAS, the Phantom Regiment's goals are to provide a positive marching music program for all its members; and

WHEREAS, the competition season runs from mid-June to early August, and concludes with a world championship at the Drum Corps International Championship held at various locations around the United States; and

WHEREAS, on Saturday, August 9, 2008, the Phantom Regiment captured the Drum Corps International World Championship gold medal at Indiana University's Memorial Stadium in Bloomington, Indiana.

WHEREAS, with a program entitled "Spartacus" and a score of 98.125, the Phantom Regiment clinched their first gold medal in a history of 52 years of playing. In 1996, the Phantom Regiment had tied for the first place title at the Drum Corps International World Championship:

THEREFORE, I, Rod R. Blagojevich, Governor of the State of Illinois, do hereby recognize and commend the Phantom Regiment Drum and Bugle Corps on being crowned the 2008 Drum Corps International World Champions.

## PROCLAMATIONS

Issued by the Governor September 15, 2008  
Filed by the Secretary of State September 19, 2008.

**2008-369****International Walk to School Month and Day**

WHEREAS, we are regularly warned about growing levels of obesity, especially among children; and

WHEREAS, one way to tackle this problem is to encourage children to walk to school, and the issue is being highlighted during International Walk to School Month in October; and

WHEREAS, International Walk to School Month is a great opportunity for parents and caregivers to instill in their children the health benefits of walking to school; and

WHEREAS, in addition to reducing a child's chances of becoming overweight, walking helps them arrive at school more alert, as well as improves their fitness for physical activities; and

WHEREAS, walking with children to school also affords parents and caregivers a great opportunity to reinforce important safety lessons, including the identification of safe routes and how to cross a street safely:

THEREFORE, I, Rod R. Blagojevich, Governor of the State of Illinois, do hereby proclaim October 2008 as **INTERNATIONAL WALK TO SCHOOL MONTH and October 8, 2008 as INTERNATIONAL WALK TO SCHOOL DAY** in Illinois, and hope that parents and caregivers everywhere take the time to walk with their children to school and promote the importance of pedestrian safety and healthy habits.

Issued by the Governor September 17, 2008  
Filed by the Secretary of State September 19, 2008.

**2008-370****Family Day – A Day to Eat Dinner with Your Children**

WHEREAS, belonging to family is important for the health and well-being of all children; and

WHEREAS, children are more likely to develop behavioral and social problems without the care and love of their family; and



## PROCLAMATIONS

- WHEREAS, one great way for families with children to prevent behavioral and social problems is by eating dinner together; and
- WHEREAS, research by The National Center on Addiction and Substance Abuse (CASA) at Columbia University has consistently found that children are less likely to smoke, drink alcohol, and use illegal drugs the more their families eat together; and
- WHEREAS, additionally, other research shows that children who eat dinner with their families are less prone to dangerous and violent activities and more likely to have positive peer relationships and to excel in school; and
- WHEREAS, CASA will once again recognize the fourth Monday in September as Family Day – A Day To Eat Dinner With Your Children, in recognition of the importance of family and to encourage families with children to eat dinner together:

THEREFORE, I, Rod R. Blagojevich, Governor of the State of Illinois, do hereby proclaim September 22, 2008 as **FAMILY DAY – A DAY TO EAT DINNER WITH YOUR CHILDREN** in Illinois in support of the commendable campaign by CASA to promote family and the health and well-being of children.

Issued by the Governor September 17, 2008  
Filed by the Secretary of State September 19, 2008.

**2008-371****International Education Week**

- WHEREAS, international education is critical for our future welfare. By studying, learning, and exchanging experiences, we develop a greater appreciation and respect for other people and their cultures, and break down barriers to understanding and cooperation, which are vital to peace and prosperity; and
- WHEREAS, foreign student exchange programs are just one wonderful opportunity to learn about other people and cultures. Approximately 600,000 international students study in the United States every year; and
- WHEREAS, International Education Week is from November 17-21, and the United States Departments of State and Education are teaming up to promote similar efforts during that week that enrich our comprehension of international education; and
- WHEREAS, international education and exchange include thousands of programs, public, and private, campus-based and national, that promote the sharing of ideas and

## PROCLAMATIONS

experiences across borders. These include study abroad programs, citizen and scholarly exchanges, foreign students on U.S. Campuses, area and foreign language studies, and global approaches to U.S. education; and

WHEREAS, we live in an increasingly interconnected world and improving global literacy among our citizens contributes significantly to our nation's foreign policy, economic competitiveness, and national security; and

WHEREAS, this year's theme, "International Education: Fostering Global Responsibility and Leadership," recognizes that to meet the challenges of our global world, all nations must work to develop future leaders who possess an open-minded, comprehensive world view:

THEREFORE, I, Rod R. Blagojevich, Governor of the State of Illinois, do hereby proclaim November 17-21, 2008 as **INTERNATIONAL EDUCATION WEEK** in Illinois, and join the campaign by the United States Departments of State and Education to encourage international education.

Issued by the Governor September 17, 2008

Filed by the Secretary of State September 19, 2008.

**2008-372****SPECIAL SESSION PROCLAMATION**

WHEREAS, approximately 1 in 150 children born in the United States are diagnosed with autism spectrum disorders, making it more common than all types of pediatric cancer, diabetes, and AIDS combined; and

WHEREAS, autism spectrum disorders affect children regardless of race, ethnicity, or social status; and

WHEREAS, proper diagnosis and treatment are critical to the development of children with autism spectrum disorders; and

WHEREAS, early diagnosis of an autism spectrum disorder can allow parents to initiate behavioral therapy, a common treatment that is more effective early in life and which, when begun early, has been shown to provide greater gains in language and IQ scores; and

WHEREAS, necessary therapy and treatment for the thousands of Illinois children diagnosed with autism spectrum disorders can cost up to \$5,000 a month per child; and

## PROCLAMATIONS

WHEREAS, currently, only people covered by large group insurance policies (with 50 or more beneficiaries) can obtain coverage for children with autism spectrum disorders, and even then, they can only receive inpatient and outpatient mental health services; and

WHEREAS, despite strong support, the General Assembly has failed to pass a bill requiring insurance companies to cover the costs of diagnosing and providing children with autism spectrum disorders needed occupational, physical, and speech therapies, psychiatric and physiological services, and applied behavioral therapies.

THEREFORE, pursuant to Article IV, Section 5(b) of the Illinois Constitution of 1970, I hereby call and convene the 95<sup>th</sup> General Assembly, in duly constituted quorums capable of conducting business, in a special session to commence on September 22, 2008, at 2:00 p.m., to consider any measure mandating that insurance companies cover costs associated with diagnosis, therapy, and treatment for children with autism spectrum disorders.

Dated: September 22, 2008

Filed: September 22, 2008

# ILLINOIS ADMINISTRATIVE CODE

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