

## AGENDA ITEM 8.

### PROPOSED RULES AND AMENDMENTS

**Submitted for:** Action

**Summary:** This item reports on the agency's proposed omnibus rules and amendments. An overview of the rulemaking process and details of the current rulemaking cycle are explained on pages 8-1 and 8-2. Amendments have been proposed to 13 different Parts this year as well as new rules for two new ISAC programs. The highlights of these proposed rules and amendments are summarized on pages 8-3 through 8-7.

The initial 45-day public comment period has ended with no comments received from the public. Staff at the Joint Committee on Administrative Rules (JCAR) felt that one area of the original amendments was overly discretionary and, therefore, requested a technical change to that area that affects 11 Parts. A sample, Section 2730.40, pages 8-8 and 8-9, is included showing the original amendment as well as the current version which addresses the JCAR staff's concern.

According to the rulemaking process, a second 45-day review period is required. Following acceptance of the proposed rules and amendments by the Commission, the Executive Director may direct staff to submit the rules and amendments to the JCAR, thus initiating the second 45-day review period.

**Action requested:** That the Commission approve the following resolution:

**“BE IT RESOLVED** that the Commission accepts the proposed rules and amendments, as modified thus far during the rulemaking process, for submission to the Joint Committee on Administrative Rules.”

## ILLINOIS STUDENT ASSISTANCE COMMISSION

### PROPOSED RULES AND AMENDMENTS

#### Background

ISAC annually reviews its rules in order to respond to market changes and client suggestions, to implement state and federal statutory amendments, to reflect technological advances in the delivery of student financial assistance and to clarify issues that have arisen during the previous year. Potential rules amendments were solicited from internal staff and various client advisory groups, including the Illinois Association of Student Financial Aid Administrators (ILASFAA) and ISAC Rules and Operations Committee.

#### Rulemaking Process Overview

Once all input is gathered, the proposed rules and amendments are presented to the Commission prior to publication in the Illinois Register, which commences a 45-day public comment period. The Illinois Register is the State's official documentation of rules and regulations promulgated by state entities and maintained by the Illinois Secretary of State. If comments are received from the public, they are then reviewed by staff. Where appropriate, the proposed rules and amendments are revised based on comments and suggestions, and staff requests authority from the Commission to submit the proposed rules and amendments, as revised, to the Joint Committee on Administrative Rules (JCAR) for a second 45-day review period. During this review period, legislative review of the rules is conducted first by the JCAR staff and then at a meeting of the legislative members. After incorporating changes suggested by JCAR, the proposed rules and amendments will be presented to the Commission for final adoption. The anticipated effective date of these proposed rules and amendments is July 2006.

#### Current Rulemaking Cycle

The proposed omnibus rules and amendments were presented to the Commission at its January 27 meeting and subsequently were published in the Illinois Register on February 17, 2006. This initial publication triggered the 45-day public comment period that ended on April 3, 2006.

In order to maximize the opportunity for public input, in addition to being published in the Illinois Register, the proposed rules and amendments were also posted to ISAC's College Zone Web site. Staff also solicited feedback through various advisory groups, including the ILASFAA Operations/Rules Advisory Committee.

No letters were received during the public comment period. While no public comments were received, staff at JCAR felt that one area of the original amendments was overly discretionary and, therefore, requested a technical change. This technical change is operational in nature and relates to when all final payment claims for the gift assistance programs must be received at ISAC each year.

In the original amendment, ISAC would annually designate the date when all final payment claims for the gift assistance programs must be received by ISAC, but now, in order to be specific and consistent from year to year, the amendment names the date (e.g., July 1) by which these claims for the year must be submitted. This modification has been discussed with JCAR staff and addresses their concern.

The change affects 11 Parts of the 15 proposed Parts. A sample from the Illinois National Guard (ING) Grant Program, Part 2730, Section 2730.40, is included on page 8-8 in this agenda item and shows the original amendment as well as the current version.

### **Proposed Rules and Amendments**

Highlights of the proposed amendments to existing rules are presented in this item, as well as new rules for two new ISAC programs - Teach Illinois Scholarship and Child Welfare Loan Forgiveness Program. Amendments have been proposed to 13 different Parts this year: General Provisions; Illinois National Guard (ING) Grant Program; Illinois Veterans Grant (IVG) Program; Grant Program for Dependents of Correctional Officers; Grant Program for Police or Fire Officers; Monetary Award Program (MAP); Silas Purnell Illinois Incentive for Access Grant (IIA); Robert C. Byrd Honors Scholarship Program; Merit Recognition Scholarship (MRS); Minority Teachers of Illinois Scholarship (MTI); Illinois Future Teacher Corps Program (IFTC); Special Education Teacher Tuition Waiver (SETTW) Program; and Student to Student Grant (STS).

### **Action Requested**

Staff is requesting the Commission accept the proposed rules and amendments, as modified thus far during the rulemaking process, for submission to the Joint Committee on Administrative Rules (JCAR).

## HIGHLIGHTS OF PROPOSED RULES AND AMENDMENTS

Rules and amendments are being proposed for the following Parts:

### Part 2700 General Provisions

Section 2700.50(g)(2) has been amended to clarify when an applicant's Illinois residency must be verified by the postsecondary institution the applicant is attending.

### Part 2730 Illinois National Guard (ING) Grant Program

Proposed amendments to Section 2730.20(a) clarify the application deadlines for the program. A clarification is being proposed to Section 2730.20(a)(2) requiring the Illinois Department of Military Affairs to report to ISAC changes to a Illinois National Guard grant recipient's National Guard status. An amendment is being proposed to Section 2730.20(c) to reflect a statutory change contained in Public Act 94-0583, which removes the prohibition on National Guard officers receiving the grant. In Section 2730.30(d), an amendment is proposed to further clarify that grant funds are limited to use at Illinois public postsecondary institutions. Section 2730.30(l) is being added to incorporate the statutory requirement that states if a recipient's duty obligations are not met then all funds received must be repaid. Sections 2730.30(f) and (f)(2) are amended to incorporate the statutory change from Public Act 94-0583 that extends use of the grant to cover enrollment during summer terms. In addition, language in 2730.30(f)(4) is being revised to clarify that refunds will be made according to the postsecondary institution's refund policy.

Driven by the State Comptroller's lapse period deadline of August 31 for processing of payment vouchers, language is being added to Section 2730.40(d) to incorporate a deadline by which postsecondary institutions must submit all payment requests to ISAC. Similar language already resides in ISAC's administrative rules for the Monetary Award Program, the Silas Purnell Illinois Incentive for Access program, and Illinois Veteran Grant program and is also being proposed for other ISAC programs to bring about standardization in payment request processing.

### Part 2731 Grant Program for Dependents of Correctional Officers

In Section 2731.30(b) a procedural clarification is proposed requiring students to indicate at the time of application the name of the institution they will be attending. More definitive dates are being proposed for Section 2731.30(c) to align the application deadline with dates used in other ISAC programs. Section 2731.30(e)(1) is being amended to clarify that the grant will cover the difference in cost for courses taken at an out-of-district institution that are not offered at a recipient's in-district institution. Additionally, Section 2731.30(o)(4) is being amended to clarify that claims for the difference between in-district and out-of-district charges will be considered for payment at the same time as other timely claims, rather than only if funds remain.

Driven by the State Comptroller's lapse period deadline of August 31 for processing of payment vouchers, language is being proposed for Section 2731.40(c)(6) to incorporate a deadline by which postsecondary institutions must submit all payment requests to ISAC. Similar language already resides in ISAC's administrative rules for the Monetary Award Program, the Silas Purnell Illinois Incentive for Access program, and the Illinois Veteran

Grant program and is also being proposed for other ISAC programs to bring about standardization in payment request processing.

Part 2732 Grant Program for Dependents of Police or Fire Officers

In Section 2732.30(b) a procedural clarification is proposed requiring students to indicate at the time of application the name of the institution they will be attending. More definitive dates are being proposed for Section 2732.30(c) to align the application deadline with dates used in other ISAC programs. Section 2732.30(e)(1) is being amended to clarify that the grant will cover the difference in cost for courses taken at an out-of-district institution that are not offered at a recipient's in-district institution. Additionally, Section 2732.30(o) is being amended to clarify that claims for the difference between in-district and out-of-district charges will be considered for payment at the same time as other timely claims, rather than only if funds remain.

Driven by the State Comptroller's lapse period deadline of August 31 for processing of payment vouchers, language is being proposed for Section 2732.40(c)(6) to incorporate a deadline by which postsecondary institutions must submit all payment requests to ISAC. Similar language already resides in ISAC's administrative rules for the Monetary Award Program, the Silas Purnell Illinois Incentive for Access program, and the Illinois Veteran Grant program and is also being proposed for other ISAC programs to bring about standardization in payment request processing.

Part 2733 Illinois Veterans Grant (IVG) Program

An amendment to Section 2733.30(b) is being proposed to incorporate a statutory change that tightens the time frame for which an applicant has to notify the institution of his or her Illinois Veteran Grant (IVG) eligibility. Section 2733.30(d) is being amended to further clarify the type of institution at which the grant may be used. Proposed amendments to Section 2733.30(e) reflect the statutory changes contained in Public Act 94-0583 that increase benefits for veterans to cover tuition and mandatory fees rather than limiting coverage to only the fees currently listed. In a corresponding change, new language is proposed for Section 2733.30(e)(2) to allow qualified applicants who currently receive grant benefits to cover non-mandatory fees to continue to receive these benefits as long as they are enrolled in a continuous program of study, as allowed for in statute.

Section 2733.30(g)(3) is amended to clarify that refunds will be made according to the institution's refund policy. A proposed amendment to Section 2733.30(g)(5) incorporates existing statutory language that stipulates if the U.S. Department of Veteran Affairs terminates or suspends educational benefits to veterans, assistance under ISAC's IVG program will also cease.

Section 2733.40(e) is amended to align the language with changes being proposed to other ISAC programs in relation to the processing of payment requests, given the time frame ISAC must adhere to with the State Comptroller's office.

Part 2735 Monetary Award Program (MAP)

Section 2735.40(m)(4) is amended to align the language with changes being proposed to the rules for other ISAC programs in relation to the processing of payment requests, given the time frame ISAC must adhere to with the State Comptroller's office.

Part 2736 Illinois Incentive for Access (IIA) Program

Section 2736.40(f)(2) is amended to align the language with changes being proposed to the rules for other ISAC programs in relation to the processing of payment requests, given the time frame ISAC must adhere to with the State Comptroller's office.

Part 2755 Robert C. Byrd Honors Scholarship Program

An amendment has been proposed to Section 2755.30(1)(1)(A) to improve the data collected from secondary institutions used to identify an applicant's academic achievements, as required in Section 2755.10(a).

Driven by the State Comptroller's lapse period deadline of August 31 for processing of payment vouchers, language is being added to Section 2755.40 to incorporate a deadline by which postsecondary institutions must submit all payment requests to ISAC. Similar language already resides in ISAC's administrative rules for the Monetary Award Program, Silas Purnell Illinois Incentive for Access program, and Illinois Veteran Grant program and is also being proposed for other ISAC programs to bring about standardization in payment request processing.

Part 2761 Merit Recognition Scholarship (MRS)

To conform with 110 Illinois Compiled Statute 947.31(f), language is proposed in Section 2761.10(a) stating that the names and addresses of Merit Recognition Scholarship recipients are a matter of public record.

Driven by the State Comptroller's lapse period deadline of August 31 for processing of payment vouchers, language is being added to Section 2761.40 to incorporate a deadline by which postsecondary institutions must submit all payment requests to ISAC. Similar language already resides in ISAC's administrative rules for the Monetary Award Program, the Silas Purnell Illinois Incentive for Access program, and Illinois Veteran Grant program and is also being proposed for other ISAC programs to bring about standardization in payment request processing.

Part 2763 Minority Teachers of Illinois (MTI) Scholarship Program

Section 2763.30(i) is being amended to incorporate a provision of Public Law 94-0133, which provides recipients with an additional exception to the teaching requirement when they are concurrently fulfilling the requirement associated with other programs administered by ISAC.

A change is proposed to Section 2763.40(b) to establish a time frame for institutions to submit eligibility information on qualified applicants to ISAC. The current lack of such a

time frame causes difficulty in re-awarding non-appropriated funds and leads to the loss of award funds to other deserving students.

Driven by the State Comptroller's lapse period deadline of August 31 for processing of payment vouchers, language is being added to Section 2763.40(h) to incorporate a deadline by which postsecondary institutions must submit all payment requests to ISAC. Similar language already resides in ISAC's administrative rules for the Monetary Award Program, the Silas Purnell Illinois Incentive for Access program, and Illinois Veteran Grant program and is also being proposed for other ISAC programs to bring about standardization in payment request processing.

Part 2764 Illinois Future Teacher Corps. (IFTC) Program

Amendments are proposed to Section 2764.30(l) to bring about statutory changes included in Public Law 94-0133, which provide additional exceptions to the teaching requirement for recipients enrolled in postsecondary institutions and taking courses necessary to become teachers, or when they are concurrently fulfilling the requirement associated with other programs administered by ISAC.

A change is proposed to Section 2764.40(b) to establish a time frame for institutions to submit eligibility information on qualified applicants to ISAC. The current lack of such a time frame causes difficulty in re-awarding non-appropriated funds and leads to the loss of award funds to other deserving students.

Part 2765 Special Education Teacher Tuition Waiver (SETTW) Program

A number of changes are being proposed to this Part to incorporate statutory changes included in Public Law 94-0133, which allow students who have graduated from high school prior to the academic year in which the award is made, and those who are Illinois residents and members of military families stationed out of state, to apply for the waiver. Specifically, Section 2765.20(a)(3) is being amended to remove the requirement that an applicant graduate from an Illinois approved high school. Amendments to Section 2765.30(e) expand the applicant pool to include any high school graduate and to equitably divide the available waivers between this group and the applicants who recently graduated from high school. In addition, Section 2765.30(j) is being amended to incorporate the provision of Public Law 94-0133 that provides recipients with an additional exception to the teaching requirement when they are concurrently fulfilling the requirement associated with other programs administered by ISAC.

Part 2768 Teach Illinois Scholarship

This Part is proposed to reflect the statutory changes contained in Public Law 94-0205, which created this new program. These proposed rules govern the administration of the new Teach Illinois Scholar Program. The rulemaking sets forth the applicant eligibility requirements, program procedures and institutional procedures.

Part 2769 Child Welfare Loan Forgiveness Program

This Part is being proposed to reflect the statutory changes contained in Public Act 94-0497, which created this new program. These proposed rules govern the administration of the new Child Welfare Loan Forgiveness Program. The rulemaking sets forth the applicant eligibility

requirements, program procedures and institutional procedures.

Part 2770 Student to Student (STS) Program of Matching Grants

Section 2770.40(d) is amended to align the language with changes being proposed to the rules for other ISAC programs in relation to the processing of payment requests, given the time frame ISAC must adhere to with the State Comptroller's office.

An amendment is being proposed to Section 2770.40(f) to remove reference to ISAC supplying the reports required of postsecondary institutions participating in STS to the Illinois Board of Higher Education (IBHE), as IBHE has indicated they no longer need the reports.

No amendments are being proposed to the following parts:

- Part 2720 Federal Family Education Loan Program (FFELP)
- Part 2721 Alternative Loan Program
- Part 2737 Higher Education License Plate (HELP) Program
- Part 2741 Optometric Education Scholarship Program
- Part 2760 State Scholar Program
- Part 2762 Paul Douglas Teacher Scholarship Program
- Part 2767 Illinois Teachers and Child Care Providers Loan Repayment Program
- Part 2771 College Savings Bond Bonus Incentive Grant (BIG) Program
- Part 2775 Illinois Prepaid Tuition Program
- Part 2790 Limitation, Suspension and Termination (L,S, &T) Proceedings
- Part 5375 Public Information, Rulemaking and Organization
- Part 5376 Information Requests
- Part 1400 Americans with Disabilities Act Grievance Procedure

ILLINOIS STUDENT ASSISTANCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

Sample Referred To On Page 8-2

**Section 2730.40 Institutional Procedures**

- a) The institution must establish a qualified applicant's initial eligibility before requesting payment from ISAC. A valid Illinois National Guard Grant eligibility letter may be used for this purpose.
- b) When submitting payment requests, the institution shall certify that the recipient meets the requirements of Section 2730.20(c), Applicant Eligibility.
- c) Institutions must report the total number of hours for which payment is being requested (including credit and noncredit hours) so that ISAC can accurately track the recipient's use of eligibility units.
- d) Payment information will be sent each term to the institution no earlier than the application deadline date for that term. Payment claims must be submitted no later than 30 calendar days after payment information has been sent to the institution by ISAC. Supplemental payment claims must be submitted to ISAC no later than 45 calendar days after the original payment information was sent to the institution with the exception of summer term supplements which must be submitted by the same deadline as the original payment claim for summer term. All payment claims received by ISAC after the designated dates will be paid or prorated during the fiscal lapse period (July 1 through August 31) following the conclusion of the fiscal year.

Original Version - To provide sufficient time for processing and vouchering through the State Comptroller's Office in Springfield, all payment requests must be received by a date annually designated by ISAC that is no later than August 1 due to the State's fiscal lapse period ending August 31.

**Current Version - To provide sufficient time for processing and vouchering through the State Comptroller's Office in Springfield, all payment requests except for summer term must be received no later than July 1 prior to the State's fiscal lapse period ending August 31.**

ILLINOIS REGISTER

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ILLINOIS STUDENT ASSISTANCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

- e) Claims will be paid as follows:
  - 1) first semester and first quarter claims received by the designated deadline date will be paid, or prorated if funding is insufficient to pay all claims in full;
  - 2) if funds remain after first semester and first quarter claims are paid, then second semester and second and third quarter claims received by the designated deadline date will be paid, or prorated if funds remaining are insufficient to pay all such claims in full;
  - 3) if funds still remain after the preceding claims are paid, summer term claims received by the designated deadline date will be paid, or prorated if remaining funds are insufficient to pay all summer claims in full; and
  - 4) in the event that funds are not exhausted by summer term payments, claims received after the designated deadline dates will be paid or prorated.
  - 5) Timely claims for the difference between in-district/state and out-of-district/state tuition for recipients who do not qualify for chargebacks will be considered for payment at the same time, and in the same priority order, as all other timely claims, in accordance with the provisions of this subsection.
- f) Payments on behalf of a recipient will be made to only one institution per term. For any institution that has a concurrent registration opportunity, the same payment policy will be in effect as that used in the Monetary Award Program. (See: 23 Ill. Adm. Code 2735.40(h).)
- g) Institutions are required to reconcile payments received through this program. Any payments received by the institution that are determined in the reconciliation to be refunds payable to ISAC are to be processed and returned to ISAC no later than 60 days following the end of the academic term. Should the payment arrive after the end of the term, the institution will have 60 days following receipt of payment to complete the reconciliation process and return any refunds to ISAC.

(Source: Amended at 30 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)