

AGENDA ITEM 11.

PROPOSED RULES AND AMENDMENTS

Submitted for: Information

Summary: 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 ILASFAA Operations/Rules Advisory Committee.

Highlights of proposed rules and amendments to existing rules are presented in this item. The Notices of Proposed Rules and Amendments that precede each rules Part contain descriptions of the subjects and issues involved in the rulemaking. The full text of the proposed rules and amendments is being provided to Commissioners under separate cover, as are copies of the appropriate Notices. The full text of the proposed rules, amendments and notices will be made available to the public on ISAC's web site following publication in the Illinois Register.

Amendments are being proposed to 11 different Parts this year: General Provisions; Federal Family Education Loan Program (FFELP); Illinois National Guard (ING) Grant Program; Illinois Veteran Grant (IVG) Program; Monetary Award Program (MAP); Illinois Incentive for Access (IIA) Program; Robert C. Byrd Honors Scholarship Program; Minority Teachers of Illinois (MTI) Scholarship Program; David A. DeBolt Teacher Shortage Scholarship (DTSS) Program; Illinois Special Education Teacher Tuition Waiver (SETTW) Program; and College Savings Bond Bonus Incentive Grant (BIG) Program. New rules are being proposed for two programs: Optometric Education Scholarship Program and Illinois Teachers and Child Care Providers Loan Repayment Program. The rules for one program, Arthur F. Quern Information Technology Grant Program, are being repealed.

Publication of the proposed rules and amendments will initiate a 45-day public comment period. Comments received will be reviewed by staff. Where appropriate, the proposed rules and amendments will be revised based on comments and suggestions from the public, and staff will request authority from the Commission to submit the proposed rules and amendments, as revised, to the Joint Committee on Administrative Rules (JCAR) for the second 45-day comment period. 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 1, 2003.

Action requested: None

ILLINOIS STUDENT ASSISTANCE COMMISSION

HIGHLIGHTS OF PROPOSED RULES AND AMENDMENTS

Rules and amendments are being proposed for the following Parts:

Part 2700 **General Provisions**

An amendment has been proposed to Section 2700.50 (j) to reflect statutory changes contained in Public Act 92-626, which prohibits contributions to the State's College Savings Pool, also known as Bright Start, from being considered in determining the eligibility of a beneficiary as an applicant for any ISAC gift assistance program.

Part 2720 **Federal Family Education Loan Program (FFELP)**

Several citations referencing Federal Regulations have been added and others updated throughout this Part in order to make it easier for ISAC clients to find the most relevant sections. In Section 2720.10(e), a reference has been added to annual, as well as aggregate, loan limits to more completely describe the contents of the referenced cite. The title of Section 2720.50 is being modified to Procedures for Disbursement, Delivery and Repayment. The term “delivery” is being included to reflect common usage in the FFELP industry, which uses the term “disbursement” to refer to the transmittal of loan funds from the lender to the school, and “delivery” to refer to the transmittal of the loan proceeds from the school to the borrower. In Section 2720.50(e)(2), recent federal regulatory changes to the late disbursement provisions have been incorporated. These provisions extend the time frame for allowable late disbursements from 90 to 120 days after the end of the loan period or the date on which the student ceased to be enrolled at least half-time, whichever is earlier, as well as providing for an institution to request a later disbursement date from ED. Language has been added to Section 2720.70 (i) to reference existing Federal offset remedies available to ISAC, in addition to the similar State remedies already referenced in 2720.70 (j).

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

An amendment has been proposed to Section 2730.20 (a)(1) to delete the requirement that the applicant must deliver the eligibility letter to the school. In order to simplify processing for both the student and the school, ISAC now sends eligibility information directly to the school.

Part 2733 **Illinois Veteran Grant (IVG) Program**

An amendment has been proposed to Section 2733.20, Applicant Eligibility, to permit a qualified IVG applicant to use his or her program benefits at an eligible Illinois institution while residing outside of Illinois, if they are residing with a spouse who is currently serving in the military and who is stationed outside of Illinois. This conforms the provisions of this subsection to those contained in Section 2733.20 (a), which accommodates applicants that reside with their military spouses outside of Illinois at the

time they are establishing initial eligibility, and extends the same accommodation to veterans at the time their benefits are utilized.

Part 2735 Monetary Award Program (MAP)

Amendments have been proposed to Section 2735.20, Applicant Eligibility, to reflect statutory changes contained in Public Act 92-713, which eliminated the requirement that a student be enrolled on at least a half-time basis (at least six semester or quarter hours) in order to be eligible for MAP. As a result, eligibility for MAP is now being extended to students enrolled on a less than half-time basis (a minimum of three semester or quarter hours).

In Section 2735.40 (f), language has been added to clarify that for the purposes of calculating an overaward, federal veterans benefits are not to be counted as gift assistance. This codifies existing agency policy that previously was contained in agency publications and training materials. Language in Section 2735.40 (l) has been modified to better reflect the use of electronic, rather than paper, processes.

Section 2735.50 has been amended to reflect statutory changes contained in Public Act 92-713 which changed the use of the MAP advance payment formula from mandatory to optional.

Part 2736 Illinois Incentive for Access (IIA) Program

In Section 2736.40 (c), language has been added to clarify that for the purposes of calculating an overaward, federal veterans benefits are not to be counted as gift assistance. This codifies existing agency policy that previously was contained in agency publications and training materials.

Part 2740 Arthur F. Quern Information Technology Grant Program

Public Act 92-597 repealed ISAC's statutory authority to administer the Arthur F. Quern Information Technology Grant Program.

Part 2741 Optometric Education Scholarship Program

These proposed rules govern the administration of the new Optometric Education Scholarship Program. The rulemaking sets forth the applicant eligibility requirements, program procedures and institutional procedures.

Part 2755 Robert C. Byrd Honors Scholarship Program

An amendment has been proposed to Section 2755.30 (s) to delete the provision that applicants who are not selected to receive an award under this program will receive an individual letter of notification informing them that they were not chosen. This change is necessitated by a modification in program procedures. Previously, students were required to fill out a separate application for a Byrd Scholarship. Now, all students in ISAC's High School Scholarship Programs (HSSP) database are automatically considered for this program. As a result, there are now thousands of applicants who are not selected, and individual notification is no longer practical or economical.

Part 2763

Minority Teachers of Illinois (MTI) Scholarship Program

A number of amendments have been proposed to Section 2763.20 to reflect statutory changes contained in Public Act 92-845 which modified the eligibility criteria for applicants under the MTI program. In Section 2763.20 (a)(5), the minimum enrollment status is changed from full-time to half-time. In Sections 2763.20 (a)(6) and 2763.20 (a)(8), the requirement for an applicant to be an undergraduate has been eliminated, as graduate students are now also eligible. In Section 2763.20 (a)(6), the requirement to be at the sophomore level or above has also been eliminated. Freshmen are now eligible, although upperclassmen may be given preference. Section 2763.20 (a)(7) has been broadened to include applicants who are pursuing alternative teacher certification. References to the David A. DeBolt Teacher Shortage Scholarship Program have been changed to reflect the new name of ITEACH.

Amendments have also been proposed to Section 2763.30, Program Procedures, to reflect additional legislative changes contained in the same Act. Previously, 30% of the funds appropriated for this program were reserved exclusively for the use of qualified male minority applicants, and if there were not enough qualified applicants, those reserved funds were lapsed. As reflected in Section 2763.30 (b), if there are not enough qualified male minority applicants by January 1 of a given fiscal year, unexpended reserved funds may now be used to make awards to qualified female minority applicants. Section 2763.30 (e) now incorporates the previously-referenced elimination of the requirement for full-time enrollment, and Section 2763.30 (f) reflects the previously-mentioned preference for qualified applicants at or above the junior level.

Additional changes to Sections 2763.30 (h) - (l) incorporate further statutory changes regarding the teaching agreement entered into by recipients of this scholarship, and the repayment obligation created in the event this obligation is not fulfilled. Recipients are now required to begin teaching within one year following completion of their academic program, and to teach continuously until their obligation is completed, other than during specifically provided for periods of exemption.

Part 2764

David A. DeBolt Teacher Shortage Scholarship (DTSS) Program

Public Act 92-845 made numerous changes to this program, most notably a name change to the ITEACH Teacher Shortage Scholarship Program, which has been incorporated throughout this Part. In addition, Section 2764.20 incorporates two changes in Applicant Eligibility, the elimination of the requirement to be enrolled at the sophomore level or above, and the inclusion of applicants who are pursuing alternative teacher certification.

An amendment has been proposed to Section 2764.30, Program Procedures, to reflect that preference may be given to applicants at the junior level or above. Additional changes to Sections 2764.30 (k) - (o) incorporate further statutory changes regarding the teaching agreement entered into by recipients of this scholarship, and the repayment obligation created in the event this obligation is not fulfilled. Recipients are now required to begin teaching within one year following completion of their academic program, and to teach continuously until their obligation is completed, other than during specifically provided for periods of exemption. In addition, if the scholarship needs to be repaid, the interest rate has been changed to five percent.

Part 2765 Illinois Special Education Teacher Tuition Waiver (SETTW) Program

To reflect statutory changes contained in Public Act 92-845, in Section 2765.20(a)(3), the time frame from which the applicant's high school class rank is utilized has been changed from the seventh semester to the sixth semester, consistent with the time frame used in many of ISAC's other scholarship and grant programs. In Section 2765.30(e)(3), the time frame from which applicants' test scores will be used is set forth, and tied to the same time frames used in connection with the applicant's class rank and other scholarship programs including the Illinois State Scholar Program. Changes to Section 2765.30(i)(1) incorporate further statutory changes regarding the teaching agreement entered into by recipients of this scholarship. Recipients are now required to begin teaching within one year following completion of their academic program.

Part 2767 Illinois Teachers and Child Care Providers Loan Repayment Program

These proposed rules govern the administration of the new Illinois Teachers and Child Care Providers Loan Repayment Program. The rulemaking sets forth the applicant eligibility requirements and program procedures.

Part 2771 College Savings Bond Bonus Incentive Grant (BIG) Program

The Table of Grant Amounts contained in Section 2771.APPENDIX A has been updated to include the most recent sale of College Savings Bonds which took place in October of 2002.

No amendments are being proposed to the following Parts:

Part 2721 Alternative Loan Program

Part 2731 Grant Program for Dependents of Correctional Officers

Part 2732 Grant Program for Dependents of Police or Fire Officers

Part 2737 Higher Education License Plate (HELP) Grant Program

Part 2760 State Scholar Program

Part 2761 Merit Recognition Scholarship (MRS) Program

Part 2762 Paul Douglas Teacher Scholarship (PDTS) Program

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

Part 2775 Illinois Prepaid Tuition Program

Part 2790 Limitation, Suspension and Termination (L, S&T) Proceedings