

## **AGENDA ITEM 8.**

### **PROPOSED RULES AND AMENDMENTS**

**Submitted for:** Action

**Summary:** This item reports on the agency's proposed rules and amendments, which were presented to the Commission at its January 26 meeting. Amendments have been proposed to four different Parts this year as well as new rules for two new ISAC programs. Text of the proposed rules and amendments was published in the Illinois Register on February 9, 2007, triggering a 45-day public comment period.

The proposed rules and amendments are being presented to the Commission for consideration now that the public comment period has ended. No substantive changes have been made since the initial publication; only minor technical modifications have been included that are a normal part of the rulemaking process.

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 Joint Committee on Administrative Rules, 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.

Two bills affecting ISAC were signed into law last summer by Governor Rod Blagojevich. House Bill 4406 created the Grant Program For a Child Raised By Grandparent and was signed into law as Public Act 094-0968, effective June 30, 2006. A component of the Nurse Educator Assistance Act, which was created by Senate Bill 931 and signed into law as Public Act 094-1020 on July 11, 2006, is the Nurse Educator Loan Repayment Program.

The Grant Program For A Child Raised By Grandparent will provide an annual \$1,000 college scholarship, renewable for four years, to certain students who are in legal custody of their grandparents. The Nurse Educator Loan Repayment Program, effective for FY2008, will provide annual grants up to \$5,000 a year for repayment of existing student loans.

#### Rulemaking Process Overview

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 2007.

#### Current Rulemaking Cycle

The proposed rules and amendments were presented to the Commission at its January 26 meeting and subsequently were published in the Illinois Register on February 9, 2007. This initial publication triggered the 45-day public comment period that ended on March 26, 2007.

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 Rules and Operations Committee.

### **Proposed Rules and Amendments**

Highlights of the proposed amendments to existing rules are presented in this item, as well as rules for two new ISAC programs – Grant Program For A Child Raised By Grandparent and Nurse Educator Loan Repayment Program. Amendments have been proposed to four different Parts this year: General Provisions; Federal Family Education Loan Program (FFELP); State Scholar Program; and Illinois Teachers and Child Care Providers Loan Repayment Program. The rules for one program, Christa McAuliffe Fellowship Program, are being repealed.

### **Action Requested**

Staff is requesting 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 (JCAR).

## **HIGHLIGHTS OF PROPOSED RULES AND AMENDMENTS**

Rules and amendments are being proposed for the following Parts:

**Part 2700      General Provisions**

Several citations referencing Federal Regulations and the Higher Education Reconciliation Act of 2005 (HERA) have been updated throughout this Part. In Section 2700.15, the incorporations by reference date has been updated to July 1, 2006 to reflect a change necessitated by HERA. In Section 2700.20, the federal citation has been updated in the definition of “Academic Year,” and the HERA Public Law number is reflected in the “Independent Student” definition. The federal citation has been updated in Section 2700.40(i). Section 2700.55 has been amended to include the Gramm-Leach Bliley (GLB) federal citation and to include security for data stored at an external entity.

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

Section 2720.50 has been amended to reflect changes due to the Higher Education Reconciliation Act of 2005 (HERA). Language has been added as PLUS loans now include graduate students in addition to parents. The title of Section 2720.80 has been changed to Federal Default Fee and the entire section was rewritten to reflect the change from a student guarantee fee to a federal default fee and the associated new requirements.

**Part 2738      Grant Program For A Child Raised By Grandparent**

This Part is being proposed to reflect the statutory changes contained in Public Act 094-0968, which created this new program. These proposed rules govern the administration of the new Grant Program For A Child Raised By Grandparent. The rulemaking sets forth the applicant eligibility requirements, program procedures and institutional procedures.

**Part 2758      Nurse Educator Loan Repayment Program**

This Part is being proposed to reflect the statutory changes contained in Public Act 094-1020, which created this new program. These proposed rules govern the administration of the new Nurse Educator Loan Repayment Program. The rulemaking sets forth the applicant eligibility requirements and program procedures.

**Part 2760      State Scholar Program**

Section 2760.30(a) has been amended, as some high schools are no longer providing class rank with transcripts for students’ college admission. To accommodate those situations for the purposes of this program, language has been added that allows ISAC to assign a rank based on the Grade Point Averages reported by the high school.

Part 2766 Christa McAuliffe Fellowship Program

Statute 105 ILCS 5/30-14.8 states the General Assembly finds that the Christa McAuliffe federal fellowship is an award expressly and exclusively for the benefit of one or more elementary or secondary teachers, provides funding for a sabbatical for the recipient of the fellowship, and has no express relationship to post-secondary educational benefits under State and federal grant and loan programs administered by the Illinois Student Assistance Commission (ISAC). ISAC has not administered the program since the early 1990's, therefore, the administrative rules for this program are being repealed.

Part 2767 Illinois Teachers And Child Care Providers Loan Repayment Program

Section 2767.30(c) has been amended to clarify that the borrower cannot receive an amount that is more than the remaining balance of their loan. Language has been added in Section 2767.30(d) to clarify that the borrower authorizes and designates ISAC to send funds directly to the holder of the loan.