

AGENDA ITEM 4.

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 22nd meeting. Amendments have been proposed to two different Parts this year as well as rules for two new ISAC programs, the Grant Program for Participants in SIU-C Achieve Program and Public Interest Attorney Loan Repayment Assistance Program. The rules for one program, Forensic Science Grant Program, are being repealed because the program has ceased to exist. Text of the proposed rules and amendments was published in the Illinois Register on January 22, 2010, 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. One letter of public comment was received and reviewed by staff for the Public Interest Attorney Loan Repayment Assistance Program. Content of the letter centered on the commenter's disagreement with the purpose of the law and most of its provisions including the basic design of the loan repayment assistance program. After reviewing the issues raised, no changes were made because it was determined that the rules are either directly implementing the law or are consistent with the statutory intent of the program. No substantive changes have been made to any of the Parts 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 during which time the proposed rules and amendments are reviewed by the Joint Committee on Administrative Rules (JCAR). Following acceptance of the proposed rules and amendments by the Commission, the Executive Director may direct staff to submit the proposed rules and amendments to 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 the financial aid community, including the Illinois Association of Student Financial Aid Administrators (ILASFAA) Rules and Operations Advisory Committee. Staff also established and worked with a statutorily-required advisory committee when developing the rules for the new Public Interest Attorney Loan Repayment Assistance Program.

Two new programs affecting ISAC were passed during the 2009 spring legislative session and signed into law in the summer by Governor Quinn. Public Act 096-229 created the Grant Program for Participants in SIU-C Achieve Program with an effective date of July 1, 2009. The Public Interest Attorney Loan Repayment Assistance Program was created by Public Act 096-0768 and was effective on January 1, 2010.

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 2010.

Current Rulemaking Cycle

The proposed rules and amendments were presented to the Commission at its January 22nd meeting and were published in the Illinois Register on January 22, 2010. This initial publication triggered the 45-day public comment period that ended on March 8, 2010.

In order to maximize the opportunity for public input, in addition to being published in the Illinois Register, the proposed rules and amendments were posted to ISAC's College Zone Web site and messages were sent to client groups announcing the public comment period. One letter of public comment was received and reviewed by staff for the Public Interest Attorney Loan Repayment Assistance Program. Content of the letter centered on the commenter's disagreement with the purpose of the law and most of its provisions including the basic design of the loan repayment assistance program. After reviewing the issues raised, no changes were made because it was determined that the rules are either directly implementing the law or are consistent with the statutory intent of the program. No substantive changes have been made to any of the Parts since the initial publication; only minor technical modifications have been included that are a normal part of the rulemaking process.

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 Participants in SIU-C Achieve Program and Public Interest Attorney Loan Repayment Program. Amendments have been proposed to two different Parts this year: General Provisions and Federal Family Education Loan Program (FFELP). The rules for one program, Forensic Science Grant Program, are being repealed because the program has ceased to exist.

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

The amendments proposed for this Part provide clarifications that are necessitated by federal statutory and regulatory changes impacting the definitions of co-maker and default status and eligibility for guaranteed student loans. The other amendments proposed are updates to federal regulatory citations.

Part 2720 Federal Family Education Loan Program (FFELP)

The amendments proposed for this Part are necessitated by federal statutory and regulatory changes. In addition to making minor technical changes, ISAC proposes the following substantive amendment:

Section 2720.50 was amended to reflect the provision that lenders must provide required disclosures to borrowers of federal Stafford, PLUS and Consolidation loans as detailed in federal regulations.

Part 2739 Grant Program for Participants in SIU-C Achieve Program

Public Act 96-229 created the new Grant Program for Participants in SIU-C Achieve Program. Proposed rulemaking for the program will set forth the applicant eligibility requirements, program procedures and institutional procedures for students to receive a grant equal to the amount of fees charged for participation in the Clinical Center Achieve program at Southern Illinois University at Carbondale.

Part 2756 Public Interest Attorney Loan Repayment Assistance Program

Public Act 96-615 created the new Public Interest Attorney Loan Repayment Assistance Program. Proposed rulemaking for this program will set forth the applicant eligibility and program procedures for eligible public interest attorneys to receive loan repayment assistance in the form of a forgivable loan.

This Part is being repealed.

Part 2742 Forensic Science Grant Program

Statute 110 ILCS 947/65.80 states that, subject to appropriation, the Commission shall receive and consider applications for grant assistance under the program until July 1, 2010. Since the inception of the program, no grants have been made, thereby eliminating the need to monitor the fulfillment of the employment agreement. As a result, ISAC is repealing the administrative rules for this program.