

AGENDA ITEM 5.

PROPOSED PROGRAM RULES AND AMENDMENTS

Submitted for: Action

Summary: This item reports on the agency's proposed program rules and amendments, which were presented to the Commission at its January 27th meeting. Amendments have been proposed to six different Parts this year as well as rules for one new ISAC program, the College Planning Act, and one new federal program, the John R. Justice Student Loan Repayment Program. Text of the proposed program rules and amendments was published in the Illinois Register on January 13, 2012, triggering a 45-day public comment period.

The proposed program rules and amendments are being presented to the Commission for consideration now that the public comment period has ended. No public comments were received and no substantive changes have been made since the initial publication; only 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 program rules and amendments are reviewed by the Joint Committee on Administrative Rules (JCAR). Following acceptance of the proposed program rules and amendments by the Commission, the Executive Director may direct staff to submit the proposed program 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 program rules and amendments, as modified thus far during the rulemaking process, for submission to the Joint Committee on Administrative Rules and that the Commission further authorize the Executive Director to proceed with finalizing the program rules if no objections are received from JCAR.”

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Background

ISAC annually reviews its program 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 program 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.

Rulemaking Process Overview

Once all input is gathered, the proposed program rules and amendments are published 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 program rules and amendments are revised based on comments and suggestions, and staff requests authority from the Commission to submit the proposed program 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. If no objections are received from JCAR, the Executive Director is authorized to proceed with finalizing the program rules.

Current Rulemaking Cycle

The proposed program rules and amendments were presented to the Commission at its January 27th meeting and the 45-day public comment period ended on February 27, 2012. In order to maximize the opportunity for public input, in addition to being published in the Illinois Register, the proposed program rules and amendments were posted to ISAC's website and messages were sent to client groups announcing the public comment period. No public comments were received. A revision to the proposed rules at Ill. Admin. Rules tit 23, §2754.30 has been made to clarify the application process for the John R. Justice Student Loan Repayment program.

Proposed Program Rules and Amendments

One new program affecting ISAC was passed during the 2011 spring legislative session and signed into law in the summer by Governor Quinn. Public Act 097-0289 created the College Planning Act with an effective date of August 10, 2011. Section 952 of the Higher Education Opportunity Act of 2008 [42 USC 3797cc-21] created the John R. Justice Student Loan Repayment Program, a federal program. ISAC was designated by the Office of the Governor as the State administrative agency responsible for oversight of this program and distribution of funds in Illinois.

Highlights of the proposed amendments to existing program rules are presented in this item, as well as rules for the two new programs – College Planning Act and John R. Justice Student Loan Repayment Program. Amendments have been proposed to six different Parts this year: Illinois National Guard (ING) Grant Program, Grant Program for Dependents of Correctional Officers, Grant Program for Dependents of Police or Fire Officers, Illinois Veteran Grant (IVG) Program, Monetary Award Program (MAP) and Illinois Prepaid Tuition Program.

Action Requested

Staff is requesting the Commission accepts the proposed program rules and amendments, as modified thus far during the rulemaking process, for submission to the Joint Committee on Administrative Rules (JCAR) and that the Commission further authorize the Executive Director to proceed with finalizing the program rules if no objections are received from JCAR.

HIGHLIGHTS OF PROPOSED PROGRAM RULES AND AMENDMENTS

Rules and amendments are being proposed for the following Parts:

- Part 2730 Illinois National Guard (ING) Grant Program
The proposed amendment will clarify and separate the requirements for the reconciliation of ING data and ING funds.
- Part 2731 Grant Program for Dependents of Correctional Officers
The proposed amendment will clarify and separate the requirements for the reconciliation of data and funds for the Grant Program for Dependents of Correctional Officers.
- Part 2732 Grant Program for Dependents of Police or Fire Officers
The proposed amendment will clarify and separate the requirements for the reconciliation of data and funds for the Grant Program for Dependents of Police or Fire Officers.
- Part 2733 Illinois Veteran Grant (IVG) Program
The proposed amendment will clarify and separate the requirements for the reconciliation of IVG data and IVG funds.
- Part 2735 Monetary Award Program (MAP)
The proposed amendment to 2735.30(p) introduces changes to restrict MAP payment for graduate-level coursework based on school practices found during program reviews. Section 2735.30(q) introduces changes to limit the number of times MAP benefits can be used for repeat courses based, in part, on changes to federal regulations (34 CFR 668.2). Section 2735.40(m) is amended to clarify and separate the requirements for the reconciliation of MAP data and MAP funds.
- Part 2754 John R. Justice Student Loan Repayment Program
Section 952 of the Higher Education Opportunity Act of 2008 (42 USC 3797cc-21) created the John R. Justice Student Loan Repayment Program, a federal program that provides States with funds for loan repayment assistance to encourage qualifying individuals to pursue careers as state and federal public defenders and state prosecutors to protect the rights of a State's most vulnerable citizens or provide quality enforcement of State law. ISAC was designated by the Office of the Governor as the State administrative agency responsible for oversight of the program and distribution of funds in Illinois. Proposed rulemaking for the program sets forth the applicant eligibility requirements and program procedures.
- Part 2774 College Planning Act
Public Act 97-0289 created the College Planning Act, a program that provides low-income and first-generation students in Illinois with targeted services administered by ISAC to promote college awareness and planning, including without limitation postsecondary and career counseling programs, college admission, scholarship, and financial aid applications, simplified admission or financial assistance application programs. Proposed rulemaking for the program sets forth the participant eligibility requirements, program procedures and participant agreements.
- Part 2775 Illinois Prepaid Tuition Program
The proposed amendment adds the taxpayer identification number as authorized in Public Act 97-233. Other revisions which clarify time limits and restrictions for usage of program benefits are being made.

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TITLE 23: EDUCATION AND CULTURAL RESOURCES

SUBTITLE A: EDUCATION

CHAPTER XIX: ILLINOIS STUDENT ASSISTANCE COMMISSION

PART 2754

JOHN R. JUSTICE STUDENT LOAN REPAYMENT PROGRAM

Section

2754.10	Summary and Purpose
2754.15	Definitions
2754.20	Applicant Eligibility
2754.30	Program Procedures

AUTHORITY: Implementing Section 952 of the Higher Education Opportunity Act (42 U.S.C. 3797cc-21) and Section 20(b) of the Illinois Higher Education Student Assistance Act and authorized by Section 20(f) of that Act (110 ILCS 947/20(f)).

SOURCE: Adopted at 36 Ill. Reg. _____, effective _____.

Section 2754.10 Summary and Purpose

- a) The John R. Justice Student Loan Repayment Program provides loan repayment assistance to encourage qualifying individuals to pursue careers as state and federal public defenders and state prosecutors to protect the rights of this State's most vulnerable citizens or provide quality enforcement of State law.
- b) This Part governs the John R. Justice Student Loan Repayment Program. Additional rules and definitions are contained in General Provisions (23 Ill. Adm. Code 2700).

Section 2754.15 Definitions

- a) "Prosecutor" – *A full-time employee of the State of Illinois or unit of local government within the state who is continually licensed to practice law and prosecutes criminal or juvenile delinquency cases at the State or unit of local government level (including supervision, education, or training of other persons prosecuting such cases).*
- b) "Public Defender" – *An attorney who is continually licensed to practice law and is employed as any of the following:*

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- 1) *a full-time employee of the State of Illinois or unit of local government in Illinois who provides legal representation to indigent persons in criminal or juvenile delinquency cases (including supervision, education, or training of other persons providing such representation);*
 - 2) *a full-time employee of a nonprofit organization operating under a contract with the State of Illinois or unit of local government in Illinois, who devotes substantially all of the employee's full-time employment to providing legal representation to indigent persons in criminal or juvenile delinquency cases (including supervision, education, or training of other persons providing such representation; or*
 - 3) *employed as a full-time Federal defender attorney in a defender organization established pursuant to subsection (g) of section 3006A of Title 18 and located in Illinois that provides legal representation to indigent persons in criminal or juvenile delinquency cases.*
- c) "Eligible educational loans" – Federal student loans originated under the following programs:
- 1) Federal Stafford Loans;
 - 2) Federal Graduate PLUS Loans;
 - 3) Federal consolidation loan programs, including Federal Direct Consolidation Loans; and
 - 4) Federal Perkins Loans.
- d) "Non-eligible loans" – All private or nonfederal student loans and any loans originated under the following programs or conditions:
- 1) Federal Parent PLUS Loans;
 - 2) Federal Direct PLUS Loans made to the parents of a dependent student; and
 - 3) Any federal consolidation loan to the extent that such loan was used to repay a loan described in subsections (1) or (2) above.

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Section 2754.20 Applicant Eligibility

A qualified applicant for loan repayment shall be:

- a) a United States citizen or eligible noncitizen;
- b) a licensed attorney in good standing with the Illinois bar;
- c) a borrower who is not in default on a federal guaranteed educational loan;
- d) a borrower with an outstanding balance due on an eligible educational loan;
- e) employed as a public defender or prosecutor; and
- f) required to enter into term of service of three years pursuant to John R. Justice Student Loan Repayment Program Service Agreement (“Service Agreement”), which is prepared by the United States Department of Justice and must be entered into by each applicant prior to the commencement of any such term.

Section 2754.30 Program Procedures

- a) In order to receive benefits under this Part, a qualified applicant must complete a program application and, at the time of application, submit an executed Service Agreement. Applicants who previously executed a Service Agreement but have not yet completed the required term of service described therein must complete a renewal application.~~Any qualified applicant not eligible to receive benefits under this Part as a result of entering into a Service Agreement with the Department of Justice must submit a program application prepared by ISAC and a Service Agreement in order to receive benefits.~~
 - 1) Program applications, renewal applications~~The program application~~ and the Service Agreement are available at ISAC’s website and ISAC’s Springfield, Deerfield and Chicago offices.
 - 2) If the applications or the Service Agreement are~~is~~ incomplete, the applicant will be provided an opportunity to furnish any missing information. Applications will be considered for processing only as of the date a complete application and Service Agreement are received by ISAC in its Deerfield office. No applications will be considered for processing if received after the published date unless funds remain available for

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disbursement. ISAC reserves the right to request documentation to verify data reported on the application.

- 3) The application will require the applicant's employer (or future employer in the case of recruited attorneys) to certify the following:
 - A) The employer is an eligible employing entity under the John R. Justice Prosecutors and Defenders Incentive Act;
 - B) The applicant seeking benefits meets the definition of "prosecutor" or "public defender" under the Act; and
 - C) The employer employs or, in the case of a recruited attorney, has extended an offer of employment that has been accepted by the applicant.
- b) Each year, ISAC shall select individuals to receive repayment benefits from among individuals who have previously executed a Service Agreement with the Department of Justice but have not yet completed the required term of service described therein and all new applicants who have submitted a completed application and Service Agreement.
- c) Individuals who have previously executed a Service Agreement with the Department of Justice but have not yet completed the required term of service described therein shall be selected once all information necessary to compute the amount of an award under this Part has been received by ISAC.
- d) Priority consideration in selecting individuals to receive benefits from among new applicants will be given to those applicants who have the least ability to repay their loans. Individuals not receiving benefits under another program that provides loan repayment assistance for eligible educational loans will be considered before those who are receiving such benefits.
- e) Any award of funds under this Part shall be made in accordance with the following:
 - 1) Individuals selected to receive benefits shall be assigned to one of the five districts of the Illinois Appellate Court on the basis of the zip code of the individual's employer or, for those individuals that are employed in a statewide capacity as a prosecutor, as a statewide prosecutor. Available

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benefits will be allocated to each district or to statewide prosecutors based on the relative number of statewide prosecutors or prosecutors or public defenders within a district to the total population of prosecutors and public defenders in the state.

- 2) The amount of the benefit awarded will be calculated based on each individual's ability to repay their qualifying loan debt. ISAC shall determine an individual's ability to repay their qualifying loan debt using the individual's Adjusted Gross Income (AGI) from the IRS Form 1040 during the previous calendar year, calculated exemptions to federal income tax claimed by the individual during the previous calendar year, the amount of qualifying student loan debt owed by the individual, and the cost of living in the appellate district in which the individual's employer is located, as determined by the Cost of Living Index published annually by the Illinois Appellate Court.
 - 3) Priority consideration in awarding benefits will be given to individuals who have previously executed a Service Agreement with the Department of Justice but have not yet completed the required term of service except that priority under this section shall be limited to individuals who have not previously completed a term of service under a Service Agreement with the Department of Justice. Awards shall then be made in accordance with this Section to new applicants.
 - 4) Once all the money allocated for a particular district or to individuals qualifying as statewide prosecutors has been exhausted, the awarding for that district or to statewide prosecutors will cease.
 - 5) In the event that an insufficient number of individuals from a particular district apply for the program, then the remaining dollars in that district's allocation would be awarded to the highest-ranked applicants who have not received an award, regardless of which district they are from.
 - 6) The total amount of funds allocated to prosecutors, regardless of the district to which they are assigned or their status as a statewide prosecutor, must equal the total amount of funds allocated to defenders, regardless of the district to which they are assigned.
- f) The amount of an award shall not exceed \$10,000 per year, up to a maximum of \$60,000 during an individual's career. The annual amount may be reduced in

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order to make more loan repayment assistance awards when funding is insufficient to provide benefits to all selected individuals.

- g) The loan proceeds shall be remitted to the holder of the loans to be repaid.
- h) While receiving benefits, an individual must notify ISAC of changes to his or her address, employment status or loan status (default) within 10 days after a change.
- i) While receiving benefits, the individual must remain a licensed attorney in good standing with the Illinois bar.