

AGENDA ITEM 12.

PROPOSED RULES 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/ISAC Rules and Operations Committee.

Highlights of proposed rules amendments to existing rules are presented in this item. The full text of the proposed amendments is being provided to Commissioners under separate cover, as are copies of the appropriate Notices of Proposed Amendments that contain descriptions of the subjects and issues involved in the rulemaking. The full text of the proposed 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 7 different Parts this year: Federal Family Education Loan Program (FFELP); Monetary Award Program (MAP); Illinois Incentive for Access (IIA) Program; Minority Teachers of Illinois (MTI) Scholarship Program; Illinois Future Teacher Corps (IFTC) Program; Illinois Special Education Teacher Tuition Waiver (SETTW) Program; and Illinois Prepaid Tuition Program.

Publication of the proposed amendments will initiate a 45-day public comment period. Comments received will be reviewed by staff. Where appropriate, the proposed amendments will be revised based on comments and suggestions from the public, and staff will request authority from the Commission to submit the proposed 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 amendments will be presented to the Commission for final adoption. The anticipated effective date of these proposed amendments is July 1, 2004.

Action requested: None

ILLINOIS STUDENT ASSISTANCE COMMISSION
HIGHLIGHTS OF PROPOSED RULES AMENDMENTS

Rules amendments are being proposed for the following Parts:

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 2720.25(b), the restriction on eligibility of educational lenders to Illinois institutions has been removed. FFELP is a federal program, and no such restriction is required and, in some cases, may limit ISAC's ability to most effectively service the needs of all of its clients. Also, in Section 2720.70(f), the requirement for a copy of a note to be certified has been removed since it is not required by federal regulations.

Part 2735 Monetary Award Program (MAP)

A number of amendments have been proposed to Section 2735.30, Program Procedures, to reflect the introduction of a new system for measuring and tracking MAP usage. Most of these changes are reflected in Sections 2735.30(l), (m) and (n). Starting with the 2004-05 academic year, eligibility for a MAP Grant is being tracked by the equivalent number of semester credit hours of MAP benefits paid on a student's behalf. This is called MAP Paid Credit Hours.

The maximum number of MAP Paid Credit Hours that can be received is capped at the equivalent of 135. With this change, it is believed that most students will have sufficient MAP coverage to complete a baccalaureate degree. The 135 credit hours converts to approximately 4 1/2 years of full-time study and will help the student who needs to enroll beyond four years (e.g., five-year programs, remedial education, late withdrawal, loss of hours due to transfer, etc.)

There is a limit of 75 MAP Paid Credit Hours that can be paid while a student is classified by the school as a freshman or a sophomore. If this intermediate maximum is reached, the student must attain junior status for MAP eligibility to resume. This system helps to ensure that students have an adequate number of hours remaining for use in completing the upper levels of a four-year degree program.

Payment for each term is being made according to the equivalent number of credit hours eligible for MAP payment, with a minimum of three and a maximum of 15 MAP Paid Credit Hours per term.

In addition to the above changes, other references to calculation of full-time and half-time awards in Sections 2735.30 and 2735.40 have been deleted, since awards will now be calculated based on credit hours instead. Also, a restriction on clock hour programs in Section 2735.30(p) has been deleted, in order to make the rules more consistent with federal student aid regulations.

Part 2736 Illinois Incentive for Access (IIA) Program

Public Act 93-0455 made several changes to this program, including a name change to the Silas Purnell Illinois Incentive for Access (IIA) Program, which will be effective July 1, 2004. Applicant Eligibility, Section 2736.20, has been amended to reflect the expansion of eligibility to include applicants with an Expected Family Contribution (EFC) of \$500 or less, versus the current eligibility of applicants with a \$0 EFC only. Proposed amendments to Section 2736.30, Program Procedures, reflect an increase in the award amount from \$500 to an amount not to exceed \$1,000 for applicants with an EFC of \$0, and also add a new level of grant, allowing for awards not to exceed \$500 to be given to students with an Expected Family Contribution (EFC) of \$500 or less, but more than \$0. Both award amounts are subject to appropriation. As a result of the increase in the award amount, Section 2736.40, Institutional Procedures, is being amended to reflect that grants are to be paid to the institution in two disbursements in an amount not to exceed \$500 each term.

Part 2763 Minority Teachers of Illinois (MTI) Scholarship Program

A minor change has been proposed to Section 2763.30(a)(2) to reflect that renewal applications will be made available to all qualified applicants who were awarded MTI Scholarships during the preceding year, rather than just those who actually received Scholarships. This is a somewhat more inclusive group, since some applicants may be selected to receive MTI awards, but may not have awards claimed and paid on their behalf.

Part 2764 Illinois Future Teacher Corps (IFTC) Program

A few minor changes are being proposed to the IFTC rules, in addition to the soon-to-be adopted amendments that reflect the numerous changes to this program made by Public Act 93-0021. A minor change has been proposed to Section 2764.30(b)(2) to reflect that renewal applications will be made available to all qualified applicants who were awarded IFTC scholarships during the preceding year, rather than just those who actually received scholarships. This is a somewhat more inclusive group, since some applicants may be selected to receive IFTC awards, but may not have awards claimed and paid on their behalf. Section 2764.30(k)(3) is being amended to clarify that the teaching requirement under this program must be fulfilled at a nonprofit Illinois public, private or parochial preschool or an Illinois public elementary or secondary school.

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

To more accurately capture statutory changes contained in Public Act 92-0845, but not fully reflected previously, amendments have been proposed to Sections 2765.10(a) and 2765.30(i) to clarify that the teaching commitment under this program may be fulfilled at a nonprofit public, private or parochial preschool, elementary or secondary school in Illinois.

Part 2775 Illinois Prepaid Tuition Program

Rules for the *College Illinois!* Prepaid Tuition Program are being amended to reflect statutory changes contained in Public Act 93-0056. In Section 2775.20, Definitions, the definition of "Nonpublic Institution of Higher Education" is being amended to delete the

provision excluding *College Illinois!* prepaid tuition benefits from being used at schools principally used to provide sectarian instruction, religious teaching, or professional religious training. An amendment is also being proposed to Section 2775.40(c) to reflect that the statutory limits on installment contracts being payable over a five-year period, or 10 years for a 120 credit-hour contract, have now been removed.

No amendments are being proposed to the following Parts:

- Part 2700 General Provisions
- Part 2721 Alternative Loan Program
- Part 2730 Illinois National Guard (ING) Grant Program
- Part 2731 Grant Program for Dependents of Correctional Officers
- Part 2732 Grant Program for Dependents of Police or Fire Officers
- Part 2733 Illinois Veteran Grant (IVG) Program
- Part 2737 Higher Education License Plate (HELP) Grant Program
- Part 2741 Optometric Education Scholarship Program
- Part 2755 Robert C. Byrd Honors Scholarship Program
- Part 2760 State Scholar Program
- Part 2761 Merit Recognition Scholarship (MRS) Program
- Part 2762 Paul Douglas Teacher Scholarship (PDTS) Program
- Part 2767 Illinois Teachers and Child Care Providers Loan Repayment Program
- Part 2770 Student to Student (STS) Program of Matching Grants
- Part 2771 College Savings Bond Bonus Incentive Grant (BIG) Program
- Part 2790 Limitation, Suspension and Termination (L,S&T) Proceedings