

TITLE 23: EDUCATION AND CULTURAL RESOURCES
SUBTITLE A: EDUCATION
CHAPTER XIX: ILLINOIS STUDENT ASSISTANCE COMMISSION

PART 2700
GENERAL PROVISIONS

Section	
2700.10	Summary and Purpose
2700.15	Incorporations by Reference
2700.20	Definitions
2700.30	General Institutional Eligibility Requirements
2700.40	General Applicant Eligibility Requirements
2700.50	Determining Applicant Eligibility
2700.55	Use, Security and Confidentiality of Data
2700.60	Audits and Investigations
2700.70	Appeal Procedures
2700.80	Contractual Agreement Requirements

AUTHORITY: Implementing the Higher Education Student Assistance Act [110 ILCS 947]; Title IV of the Higher Education Act of 1965, as amended (20 USC 1070 et seq., as amended by P.L. 105-244); and authorized by Section 20(f) of the Higher Education Student Assistance Act [110 ILCS 947/20(f)].

SOURCE: Adopted at 9 Ill. Reg. 20783, effective January 1, 1986; amended at 11 Ill. Reg. 3167, effective January 29, 1987; amended at 11 Ill. Reg. 14099, effective August 10, 1987; amended at 12 Ill. Reg. 11510, effective July 1, 1988; amended at 13 Ill. Reg. 8626, effective July 1, 1989; transferred from Chapter IX, 23 Ill. Adm. Code 1700 (State Scholarship Commission) to Chapter XIX, 23 Ill. Adm. Code 2700 (Illinois Student Assistance Commission) pursuant to P.A. 86-168, effective July 1, 1989, at 13 Ill. Reg. 17854; amended at 14 Ill. Reg. 10538, effective July 1, 1990; amended at 16 Ill. Reg. 11206, effective July 1, 1992; amended at 17 Ill. Reg. 10541, effective July 1, 1993; amended at 18 Ill. Reg. 10282, effective July 1, 1994; amended at 19 Ill. Reg. 8343, effective July 1, 1995; amended at 20 Ill. Reg. 9170, effective July 1, 1996; amended at 21 Ill. Reg. 11066, effective July 18, 1997; amended at 22 Ill. Reg. 11072, effective July 1, 1998; amended at 23 Ill. Reg. 7550, effective July 1, 1999; amended at 24 Ill. Reg. 9121, effective July 1, 2000; amended at 25 Ill. Reg. 8383, effective July 1, 2001; amended at 26 Ill. Reg. 9980, effective July 1, 2002; amended at 27 Ill. Reg. 10320, effective July 1, 2003; amended at 29 Ill. Reg. 9884, effective July 1, 2005; amended at 30 Ill. Reg. 11600, effective July 1, 2006; amended at 31 Ill. Reg. 9478, effective July 1, 2007; amended at 32 Ill. Reg. 10269, effective July 1, 2008; amended at 33 Ill. Reg. 9742, effective July 1, 2009.

Section 2700.10 Summary and Purpose

- a) The purposes of the Illinois Student Assistance Commission (ISAC) include:
 - 1) Improving postsecondary educational opportunities for eligible students through the centralized administration of Illinois student assistance programs; and
 - 2) Coordinating Illinois student assistance programs with those of the United States Department of Education (ED).
- b) This Part establishes general rules and definitions that apply to all student assistance programs administered by ISAC, except to the extent that subsequent Parts may qualify these general provisions. Statutory language is italicized.

(Source: Amended at 21 Ill. Reg. 11066, effective July 18, 1997)

Section 2700.15 Incorporations by Reference

- a) The Commission incorporates by reference 34 CFR 85, 237, 600, 653, 668, 674, 675, 676, 682 and 690 (July 1, 2008). No incorporation by reference in this Section includes any later amendment or edition beyond the date stated. The Code of Federal Regulations is available online at: www.gpoaccess.gov.
- b) Copies of the appropriate material are available for inspection at the Illinois Student Assistance Commission offices at:

1755 Lake Cook Road, Deerfield IL 60015-5209

500 West Monroe, Springfield IL 62704-1876

100 West Randolph, Suite 3-200, Chicago IL 60601-3219

(Source: Amended at 32 Ill. Reg. 10269, effective July 1, 2008)

Section 2700.20 Definitions

"Academic Level" – The classification of a student as a freshman, sophomore, junior, senior, or graduate student.

"Academic Year" – In relation to scholarship and grant programs, a twelve month period of time, normally from August or September of any year through August

or September of the ensuing year. In relation to the Federal Family Education Loan Program, academic year is defined at Section 481(d)(2) of the Higher Education Act of 1965, as amended (HEA), and at 34 CFR 668.3.

"Alternative Loan" – Any educational loan made or purchased by ISAC other than a loan made pursuant to Title IV of the Higher Education Act of 1965, as amended (20 USC 1071 et seq.), or any other federal statute providing for federal insurance of education loans to borrowers.

"Applicant" – Any individual who requests ISAC consideration for a scholarship, grant, tuition waiver, or guaranteed or alternative loan.

"Approved High School" – *Any public high school located in this State; and any high school, located in this State or elsewhere (whether designated as a high school, secondary school, academy, preparatory school, or otherwise) which in the judgment of the State Superintendent of Education provides a course of instruction at the secondary level and maintains standards of instruction substantially the equivalent of those public high schools located in this State.* (Section 10 of the Higher Education Student Assistance Act [110 ILCS 947/10])

"Armed Forces" – The United States Army, Air Force, Navy, Marines and Coast Guard.

"Blanket Certificate of Loan Guaranty" – A process that permits an eligible lender to make loans without receiving prior approval from ISAC for individual loans to eligible borrowers enrolled in eligible programs at eligible institutions, as authorized by Section 428(n) of the HEA.

"Chargeback" – Payment of tuition by the community college district of a student's residence to the community college district of a student's attendance. (See 110 ILCS 805/6-2.)

"Citizen" – One who, under the Constitution and laws of the United States, is a native-born or naturalized citizen of the United States of America.

"College Savings Bond" – A State of Illinois general obligation, zero coupon bond, issued pursuant to the Baccalaureate Savings Act as a long-term education savings instrument.

"Co-maker" – One of the two individuals who are joint borrowers either on a Federal PLUS Loan that was certified prior to January 1, 1995 or on any Federal Consolidation loan and who are equally liable for repayment of the loan. (See 34

CFR 682.200.)

"Commission" – The ten member Illinois Student Assistance Commission created by Section 15 of the Higher Education Student Assistance Act [110 ILCS 947/15].

"Compound Accreted Value" – An amount equal to the original amount plus an investment return accrued to the date of determination at a semiannual compounding rate that is necessary to produce the yield at maturity indicated on the Official Statement that was issued when the college savings bonds were sold. The "Compound Accreted Value at Maturity" will be equal to \$5000 or an integral multiple thereof.

"Concurrent Registration" – The simultaneous enrollment at two or more institutions.

"Consolidation" – A federal program under which a borrower may receive a single new loan that refinances one or more outstanding qualified education loans under new terms and conditions, as authorized by Section 428C of the HEA.

"Contractual Agreement" – The written agreement between an eligible institution and a school or organization that is not eligible for participation in ISAC-administered programs whereby the non-eligible institution provides part of the education program of students enrolled at the eligible institution, as codified in Section 2700.80. A contractual agreement differs from a consortium agreement, which is an agreement among two or more eligible institutions only.

"Correctional Officer" – An employee of the Illinois Department of Corrections (DOC) who is assigned to a security position with the Department, and who has responsibility for inmates of any correctional institution under the jurisdiction of the Department.

"Correspondence Course" – A home study course provided by an institution under which the institution provides instructional materials, including examinations on the materials, to students who are not physically attending classes at the institution, as defined at 34 CFR 600.2.

"Co-signer" – A person who is secondarily liable for the repayment of an Alternative Loan.

"Cost of Attendance" – For the purposes of ISAC's rules, this term is defined at Section 472 of the Higher Education Act of 1965, as amended (20 USC 108711).

"Cumulative Grade Point Average" – The average grade earned throughout a student's applicable secondary or postsecondary educational program. The calculation shall be consistent with the institution's established policy or practice and shall be the same as that completed for admission, placement or other similar purposes.

"Default Status" – The failure of a borrower to make an installment payment when due or to meet other terms of the promissory note as defined at 34 CFR 682.200.

"Delinquency" – For the purposes of ISAC's rules, this term is defined at 34 CFR 682.411(b).

"Dependent Student" – A scholarship, loan, tuition waiver or grant applicant or recipient who is not classified as an independent student.

"Disbursement" – In relation to scholarship and grant programs, a disbursement occurs on the payment voucher date. In relation to the Federal Family Education Loan Program, disbursement is the process of transferring loan proceeds as defined at 34 CFR 682.200.

"Distance Education" – A learning and teaching mode characterized by the separation of place or time between instructor and student, which includes programs and courses offered by correspondence and telecommunications.

"ED" – The acronym for the United States Department of Education.

"Educational Institution" – Unless otherwise qualified, any secondary or postsecondary educational organization that enrolls students who participate in ISAC programs.

"Educational Lender" – An institution that meets the lender eligibility criteria outlined in 23 Ill. Adm. Code 2720.25 for FFELP Loans and 2721.40 for alternative loans.

"EFT" – The acronym for electronic funds transfer.

"Eligible Noncitizen" – A noncitizen who is eligible for federal student assistance pursuant to Section 484 of the Higher Education Act of 1965, as amended. (See 20 USC 1091.)

"Endorser" – A person who is secondarily liable for the repayment of a Federal PLUS Loan obligation.

"Enrolled" – The status of a student who has completed the institution's registration requirements and is attending classes.

"Executive Director" – The chief executive officer of ISAC.

"Expected Family Contribution" – The amount the student and the student's family may be reasonably expected to contribute toward the student's postsecondary education. Expected Family Contribution is defined at Section 474 of the Higher Education Act (HEA) of 1965, as amended. (See 20 USC 1087nn.)

"FAFSA" – The acronym for the Free Application for Federal Student Aid.

"FAFSA Receipt Date" – The date reported by ED's processor as the date upon which it receives an applicant's initial FAFSA for an academic year. For paper FAFSA's sent through the U.S. Postal Service, this is the date of physical receipt at the processor, not the postmark date.

"Federal Regulations" – Refers to regulations promulgated by ED and codified at 34 CFR 600 et seq.

"FFELP" – The acronym for the Federal Family Education Loan Program, as authorized by Section 421 of the Higher Education Act, as amended, including subsidized and unsubsidized Federal Stafford Loans, Federal PLUS Loans, Federal SLS Loans and Federal Consolidation Loans.

"Fire Officer" – For the purposes of ISAC's rules, this term means a firefighter who is employed by, or in the voluntary service of, this State or any public entity in this State.

"Foreign Missionary" – An individual who is assigned duty outside of the United States by an organization that engages in educational, philanthropic, humanitarian or altruistic works. The missionary organization must be exempt from the payment of federal taxes and must have been engaged in placing foreign missionaries for at least five years. Examples of such missionary organizations include, but are not limited to, the following: Peace Corps, Evangelical Alliance Mission, etc.

"Full-time Student" – In relation to scholarship and grant programs, an individual enrolled for twelve or more credit hours, for either a semester or quarter term. In

relation to the Federal Family Educational Loan Program, full-time student is defined at 34 CFR 668.2.

"Gift Assistance" – Student assistance funds in the form of a scholarship, grant or tuition waiver, including, but not limited to, federal, State, institutional and private aid.

"Golden Apple Scholars of Illinois" – A private, not-for-profit program under the auspices of the Golden Apple Foundation that recruits, prepares and provides financial assistance to high school graduates to pursue postsecondary education for careers as teachers for particular Illinois schools.

"Good Moral Character" – An applicant is of good moral character if the applicant will benefit from postsecondary instruction and is allowed to enroll at an approved postsecondary institution.

"Graduating Class" – The students who will complete the high school's program of instruction and graduate within an academic year.

"Guaranteed Loan" – Loan assistance through the Federal Family Education Loan Program (FFELP) that includes the subsidized and unsubsidized Federal Stafford Loan, the Federal PLUS Loan, the Federal Supplemental Loans for Students (SLS), and the Federal Consolidation Loan programs.

"HEA" – The acronym for the Higher Education Act of 1965, as amended, and codified at 20 USC 1070 et seq.

"Half-time Student" – In relation to scholarship and grant programs, an individual enrolled for six or more credit hours (but fewer than twelve credit hours) for either a semester or quarter term. In relation to the Federal Family Education Loan Program, half-time student is defined at 34 CFR 668.2.

"Holder" – An organization authorized by ED and ISAC to purchase or retain possession of guaranteed loans. These organizations operate as commercial and educational lenders or secondary markets and may purchase ISAC-guaranteed loans from approved lenders.

"IBHE" – The acronym for the Illinois Board of Higher Education, the administrative agency created by the Board of Higher Education Act [110 ILCS 947/205].

"IDAPP" – The acronym for ISAC's Illinois Designated Account Purchase Program as authorized by the Education Loan Purchase Program Law [110 ILCS 947/125 through 170].

"Independent Student" – For the purposes of ISAC's rules, an independent student is defined by Section 480 of the Higher Education Act of 1965, as amended by P.L. 110-84. (See 20 USC 1087vv.)

"Institution" – Unless otherwise qualified, any secondary or postsecondary educational organization that enrolls students who participate in ISAC programs.

"Institution of Higher Learning" – An educational organization whose main campus is physically located in Illinois that:

provides at least a two-year program of collegiate study in liberal arts or sciences, or associate degree or both, directly applicable toward the attainment of a baccalaureate degree, or, a program in health education directly applicable toward the attainment of a certificate, diploma, or an associate degree; and

is operated:

by the State, or
publicly or privately, not for profit, or

for profit, provided it:

offers degree programs that have been approved by the IBHE for a minimum of three years under the Academic Degree Act, and

enrolls a majority of its students in these degree programs,
and

maintains accredited status with the Higher Learning Commission of the North Central Association of Colleges and Schools.

For otherwise eligible educational organizations that provide academic programs for incarcerated students, the term "institution of higher learning" shall specifically exclude academic programs for incarcerated students (Section 10 of the Higher Education Student Assistance Act). For eligible institutions with

campuses in multiple states, the term "institution of higher learning" shall include only those campuses located in Illinois.

"Institution of Record" – The postsecondary institution at which a student is enrolled and seeking a degree or certificate. This institution assumes primary responsibility for certification of eligibility for ISAC-administered programs and for requesting payment from ISAC.

"ISAC" – The acronym for the Illinois Student Assistance Commission, the administrative agency created by Section 15 of the Higher Education Student Assistance Act [110 ILCS 947/15] to administer student assistance programs.

"ISBE" – The acronym for the Illinois State Board of Education, the administrative agency created by the School Code [105 ILCS 5].

"Lender" – An organization authorized by ISAC to make educational loans to students.

"Mandatory Fees" – The charges assessed by an institution to each and every full-time student for each term. Application, graduation, laboratory, breakage, add/drop fees, and program administrative fees for out-of-state or foreign study are specifically excluded. For the purposes of ISAC's rules, tuition is not a mandatory fee.

"MAP" – The acronym for the Monetary Award Program administered by ISAC, as authorized by 110 ILCS 947/35 and codified at 23 Ill. Adm. Code 2735.

"Master Check" – A single check representing the loan proceeds for more than one borrower.

"Minority Student" – *A student who is either Black (a person having origins in any of the black racial groups in Africa); Hispanic (a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race); Asian American (a person with origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, including Pakistan, and the Pacific Islands, including, among others, Hawaii, Melanesia, Micronesia and Polynesia); or Native American (a person who is a member of a federally or state recognized Indian tribe, or whose parents or grandparents have such membership) and to include the native people of Alaska (Section 50(a) of the Higher Education Student Assistance Act).*

"Parent" – For the purposes of ISAC's rules, this term is defined at 34 CFR 668.2.

"Pell Grant" – A federal gift assistance program administered by ED in accordance with Section 411 of the Higher Education Act of 1965, as amended. (See 20 USC 1070a et seq.)

"PLUS" – The federal program that provides loans to graduate students or parents of certain undergraduate students, as authorized by Section 428B of the Higher Education Act of 1965, as amended (20 USC 1078-2) and Sections 80 through 175 of the Higher Education Student Assistance Act [110 ILCS 947/80 through 175].

"Police Officer" – For the purposes of ISAC's rules, this term means a law enforcement officer who is employed by, or in the voluntary service of, this State or any public entity in this State.

"Qualified Applicant" – An individual who meets the eligibility requirements of the gift assistance program for which she/he is applying.

"Regular School Year" – An eight to nine month period of time that includes two semester terms or three quarter terms. The regular school year excludes summer terms. Terms that begin after April 15 and end before September 16 are considered summer terms.

"Remedial Courses" – The course work that prepares a student for study at the postsecondary level and is necessary for the student to pursue the eligible postsecondary program.

"Resident of Illinois" –

A dependent student is a resident of Illinois if the parent of the dependent-applicant, who is required by the instructions to complete the Free Application for Federal Student Aid (FAFSA), physically resides within the State of Illinois and Illinois is his or her true, fixed and permanent home.

An independent student is a resident of Illinois if the applicant physically resides within the State of Illinois (at the time of application), and has so resided for a period of 12 continuous, full months immediately prior to the start of the academic year for which assistance is requested and Illinois is his or her true, fixed and permanent home.

When an applicant does not qualify as a resident of Illinois under the preceding two paragraphs and the applicant is a member of the U.S. Armed Forces or a foreign missionary, or is the dependent or the spouse of an individual who is a member of the U.S. Armed Forces or a foreign missionary, then the applicant's residency shall be determined in accordance with the following four paragraphs.

An applicant who is a member of the U.S. Armed Forces will be a resident of Illinois if the applicant physically resided in Illinois immediately prior to entering the U.S. Armed Forces, returned (or plans to return) to Illinois within six months after and including the date of separation and can demonstrate (pursuant to Section 2700.50(f) and (g)) that his/her domicile was the State of Illinois throughout such enlistment.

An applicant who is a foreign missionary will be a resident of Illinois if the applicant physically resided in Illinois for six continuous months immediately prior to entering missionary service, returned (or plans to return) to Illinois within six months after the conclusion of missionary service, and can demonstrate (pursuant to Section 2700.50(f) and (g)) that his/her domicile was the State of Illinois throughout such missionary service.

The dependent-applicant shall be a resident of Illinois notwithstanding the parents' temporary physical absence from Illinois provided the parents would be a resident of Illinois under the preceding two paragraphs.

The spouse-applicant shall be a resident of Illinois immediately upon physically occupying a dwelling within the State of Illinois provided the applicant can demonstrate that his/her absence from the State was the result of residing with the spouse during enlistment or missionary service outside of Illinois and that the spouse-applicant's domicile continues to be the State of Illinois.

"Rules" – The rules of ISAC codified at 23 Ill. Adm. Code: Subtitle A, Chapter XIX.

"Satisfactory Academic Progress" – An institutional policy that establishes minimum standards of academic performance. For purposes of ISAC-administered programs, the standards must be at least as stringent as those required by ED pursuant to Section 484 of the Higher Education Act of 1965, as amended. (See 20 USC 1091.)

"Service Academy" – *The U.S. Air Force Academy, the U.S. Coast Guard Academy, the U.S. Military Academy or the U.S. Naval Academy* (Section 30(a) of the Higher Education Student Assistance Act).

"SLS" – The acronym for the federal Supplemental Loans for Students Program, as authorized by Section 428A of the Higher Education Act, as amended (20 USC 1078-1). No SLS loans have been made for periods of enrollment beginning on or after July 1, 1994.

"Special Education" – A postsecondary educational program designed to teach persons how to meet the needs of all children designated as physically disabled, with specific learning disabilities, or requiring extraordinary special education services and facilities. (See 105 ILCS 5/14-1.02 and 7.20a.) These programs prepare persons for meeting the needs of children who exhibit disabilities or exceptional characteristics ranging from very mild to very severe. (See 23 Ill. Adm. Code 226, Special Education.) Such a program prepares a student to teach physically disabled children or children with learning disabilities. (See 105 ILCS 5/14-1.02 and 1.03a.)

"Stafford" – The federal subsidized and unsubsidized loan programs as authorized by Sections 427, 428 and 428H of the Higher Education Act, as amended (20 USC 1078).

"Student Beneficiary" – An individual designated as the recipient of a College Savings Bond Bonus Incentive Grant.

"Teacher Education Program" – An undergraduate postsecondary course of study that, upon completion, qualifies a student to be certified as a pre-school, elementary or secondary teacher by a state board of education or its equivalent (including the Illinois State Board of Education). For a student who has completed less than four semesters/six quarters of postsecondary study, this includes a postsecondary course of study that leads to a teacher education program.

"Teacher Shortage Discipline" – An academic discipline in which a shortage of teachers exists in Illinois, as designated by the Illinois State Board of Education.

"Telecommunications Course" – A course offered principally through the use of television, audio, or computer transmission, including open broadcast, closed circuit, cable microwave, satellite, audio conferencing, computer conferencing, and video cassettes or disks, as defined at 34 CFR 600.2.

"Term" – A unit of time for student attendance, including, but not limited to, a quarter or semester.

"Tuition" – The charge for instruction assessed by an institution.

"Verification" – Procedures implemented by postsecondary institutions to verify the eligibility of applicants. The procedures are established by 34 CFR 668 et seq. and by ISAC's rules.

(Source: Amended at 33 Ill. Reg. 9742, effective July 1, 2009)

Section 2700.30 General Institutional Eligibility Requirements

- a) ISAC Program Participation Agreement
 - 1) All institutions shall execute an ISAC Program Participation Agreement in order to participate in ISAC gift assistance programs.
 - 2) The ISAC Program Participation Agreement shall identify the ISAC programs under which the institution's students may receive benefits.
 - 3) The ISAC Program Participation Agreement shall include provisions requiring institutions to comply with statutes, federal regulations and State rules.
 - 4) The ISAC Program Participation Agreement may be modified or terminated in accordance with 23 Ill. Adm. Code 2790, Limitation, Suspension or Termination Proceedings.
- b) With respect to ISAC student assistance programs, institutions shall develop and maintain procedures to verify the consistency and accuracy of information received from their enrolled recipients.
- c) Institutions shall be subject to possible limitation, suspension or termination of eligibility for failure to comply with statutes, regulations, rules or procedures and for failure to maintain the standards required by this Section for initial participation. (See 23 Ill. Adm. Code 2790.)
- d) Postsecondary institutions that participate in gift assistance programs shall annually submit to ISAC a copy of their tuition refund policy. Such submissions shall not be considered ISAC approval of such policies.

- e) Postsecondary institutions that participate in gift assistance programs shall annually report their tuition and fee charges, as well as initial MAP advance payment requests, to ISAC on or before June 1 preceding each academic year.
 - 1) Failure to report any cost changes by the deadline will cause the prior year's charges to be used as part of the calculation process for gift assistance benefits. Failure to report the assessment of a fee charge by the deadline will result in that fee charge being ineligible for payment under ISAC gift assistance programs.
 - 2) The report shall match specific fee charges with the gift assistance programs that may finance the fee. Such categorizations by the institution shall not be considered ISAC approval.
 - 3) The Illinois National Guard Grant and the Illinois Veteran Grant (IVG) Programs may finance only a portion of certain fee charges. (See 23 Ill. Adm. Code 2730.30(a) and 2733.30(e).)
 - A) Example: One fee finances both tuition and text book expenses. Only the portion of the fee that is attributable to tuition expenses may be financed with program benefits.
 - B) Institutions with such a fee shall certify what percentage of the fee is eligible to be financed with program benefits. Certification shall be performed by the institution's chief fiscal officer.
- f) Institutions shall submit additional reports, data and information to ISAC as may be requested. These inquiries include, but are not limited to, surveys, enrollment confirmations and evaluation instruments.
- g) Additional institutional eligibility requirements are contained in subsequent Parts of ISAC's rules.
- h) Postsecondary institutions may apply to participate in ISAC-guaranteed loan programs in accordance with 23 Ill. Adm. Code 2720.
- i) Postsecondary institutions may apply to participate in ISAC gift assistance programs in accordance with this subsection.
 - 1) The Commission approves participation in ISAC gift assistance programs for an institution rather than for specific academic programs within an institution.

- 2) Prior to applying for participation in ISAC gift assistance programs, the institutional applicant must have authority to operate a postsecondary institution in Illinois. (See 23 Ill. Adm. Code 1030.)
- 3) Institutional applicants that are fully accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools and have degree-granting authority may be approved to participate in ISAC gift assistance programs provided the institution meets and maintains the requirements of subsections (i)(4)(C) and (D).
- 4) Public or private not for profit institutional applicants that do not meet the requirements of subsection (i)(3) may be approved to participate in ISAC gift assistance programs if the institution has:
 - A) obtained candidate status for the Higher Learning Commission of the North Central Association of Colleges and Schools accreditation.
 - B) applied for and is seeking degree-granting authority.
 - C) obtained at least three letters indicating the transferability of academic credit from the applicant institution to other institutions. The letters must be from institutions that are approved to participate in the Monetary Award Program (MAP) and are accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.
 - D) an adequate number of qualified persons to administer their responsibilities under ISAC's rules. In determining whether an institution employs an adequate number of qualified persons, the Commission considers the number of students aided, the number of programs in which the institution participates, the number of applications evaluated, the amount of funds administered, and the financial aid delivery system used by the institution.
- 5) Institutional applicants must also supply ISAC with audited financial statements, prepared by an independent third party in accordance with generally accepted accounting principles, to establish financial responsibility. (See, e.g., 34 CFR 668.15.)
- 6) Once approved to participate in ISAC gift assistance programs by the Commission, an institution shall receive provisional eligibility for a

minimum of five academic years. An institution with provisional eligibility must petition the Commission for full eligibility. Full eligibility will be granted if the institution meets the requirements of subsection (i)(3) and if there are no outstanding audit exceptions.

- j) As a condition of eligibility for participation in ISAC student assistance programs, postsecondary institutions shall have a valid Program Participation Agreement with ED (see Section 487 of the Higher Education Act of 1965, as amended (20 USC 1094)) and shall report their Office of Postsecondary Education Identification (OPE-ID) number to ISAC.
- k) In order to begin and to continue participation in ISAC-administered student assistance programs, institutions must also demonstrate administrative capability and financial responsibility, as defined by federal regulations. (See, e.g., 34 CFR 668.15 & 668.16.) An institution's failure to meet and maintain those standards can lead to limitation, suspension or termination proceedings. (See 23 Ill. Adm. Code 2790.)
- l) Institutions that have been assigned multiple main OPE-ID numbers will be considered separate entities by ISAC. Different campus codes associated with the same main OPE-ID number will not be considered separate entities.
- m) An institution shall notify ISAC of its Federal Employer Identification Number (FEIN) in order to receive payment pursuant to any ISAC-administered program.
- n) When an approved institution has a change of ownership resulting in a change of control, a change of location, or a change of name as defined by federal regulations, the institution's Program Participation Agreement with ED may be terminated. After an institution has undergone a change of status affecting its participation in any Title IV federal student financial aid programs, the institution may have its eligibility with ISAC reinstated by the execution of a new Program Participation Agreement with ED (see, e.g., 34 CFR 600.30 et seq.) and by the submission and approval of a new application for participation with ISAC.

(Source: Amended at 32 Ill. Reg. 10269, effective July 1, 2008)

Section 2700.40 General Applicant Eligibility Requirements

- a) Except as otherwise provided by this subsection, an applicant with a defaulted loan made pursuant to Title IV of the Higher Education Act is not eligible for benefits under ISAC-administered programs.

- 1) Eligibility for guaranteed loans may be reinstated in accordance with federal regulations and the following provisions:
 - A) Eligibility for ISAC-guaranteed loans will be reinstated when:
 - i) the debt has been paid in full;
 - ii) the borrower has made a "satisfactory repayment arrangement," in accordance with 34 CFR 682.200;
 - iii) the borrower's prior defaulted loan has been rehabilitated, in accordance with 34 CFR 682.405; or
 - iv) the borrower has made payments on a defaulted loan to consolidate that loan in accordance with 34 CFR 682.201.
 - B) Borrowers are eligible to use subsection (a)(1)(A)(ii) only one time.
 - C) Eligibility for ISAC-administered gift assistance will be reinstated for current and future terms when the applicant has maintained a satisfactory repayment record for at least six consecutive months or has met the requirements of subsection (a)(1)(A). Factors to be considered by ISAC in evaluating the repayment record include: the amount of the debt, the amount of the payments received by ISAC, the employment status of the applicant, and the frequency of the applicant's contact with ISAC.
- 2) A qualified applicant for Illinois Veteran Grant (IVG) assistance (23 Ill. Adm. Code 2733) shall be permitted one term of assistance during which a satisfactory repayment record, as defined by subsection (a)(1)(C), must be established. If such a repayment record is not established, additional assistance shall be denied until a satisfactory repayment record is established.
 - b) No applicant shall receive ISAC-administered assistance if the applicant owes a refund for any ISAC-administered gift assistance, a Federal Pell Grant, or a Federal Supplemental Educational Opportunity Grant (FSEOG) (20 USC 1070(b)).
 - c) An applicant shall, upon request, provide documentation to establish and verify eligibility. (See Section 2700.50.) Failure to supply adequate documentation will

result in the denial of student assistance benefits.

- d) An applicant who has received financial assistance based on fraudulent data shall be denied ISAC-administered assistance until full restitution has been made to ISAC for any fraudulently-obtained funds, and may also be subject to prosecution by the Illinois Attorney General, United States Department of Justice and/or an Illinois State's Attorney.
- e) Each applicant must submit his/her Social Security Number (SSN).
- f) Recipients who cease to be residents of Illinois after notification of eligibility may complete the academic year with the assistance awarded.
- g) Unless otherwise provided, benefits under gift assistance programs are subject to the limits of dollars appropriated to ISAC by the Illinois General Assembly and approved by the Governor.
- h) When gift assistance eligibility is limited to a specified number of term payments, the eligibility cap is calculated in accordance with this subsection.
 - 1) For each semester term of full-time payment benefits, the recipient is assessed six eligibility units. For each quarter term of full-time payment benefits, the recipient is assessed four eligibility units.
 - 2) For each semester term of half-time payment benefits, the recipient is assessed three eligibility units. For each quarter term of half-time payment benefits, the recipient is assessed two eligibility units.
 - 3) For each semester or quarter term of less than half-time payment benefits, the recipient is assessed one eligibility unit.
 - 4) Sixty eligibility units are the equivalent of payments for ten semesters/fifteen quarters of full-time benefits.
 - 5) Forty-eight eligibility units are the equivalent of payments for eight semesters/twelve quarters of full-time benefits.
- i) An applicant shall comply with Selective Service registration requirements, pursuant to 34 CFR 668.37 et seq.
- j) Except for grants pursuant to 23 Ill. Adm. Code 2730 (Illinois National Guard Grant Program) and 23 Ill. Adm. Code 2733 (Illinois Veteran Grant Program), an

applicant must be maintaining satisfactory academic progress in accordance with the institution's policy.

- k) Except for grants pursuant to 23 Ill. Adm. Code 2730 (Illinois National Guard Grant Program) and 23 Ill. Adm. Code 2733 (Illinois Veteran Grant Program), ISAC gift assistance benefits for courses utilizing distance education are limited to students enrolled in eligible degree or certificate programs who are eligible to receive Title IV, HEA program funds. (See 34 CFR 668.38.)
- l) Except for grants pursuant to 23 Ill. Adm. Code 2730 (Illinois National Guard Grant Program) and 23 Ill. Adm. Code 2733 (Illinois Veteran Grant Program), students enrolled in academic programs while incarcerated are ineligible for ISAC gift assistance benefits.
- m) For the purpose of determining the timeliness of an individual's application, the postmark date of an application submitted electronically shall be the date on which ISAC receives that individual's submission of complete application data.

(Source: Amended at 31 Ill. Reg. 9478, effective July 1, 2007)

Section 2700.50 Determining Applicant Eligibility

- a) The evaluation of applicant eligibility is the responsibility of both the institution and ISAC.
- b) No applicant is announced eligible for assistance by ISAC unless the application establishes prima facie eligibility. ISAC consults with other appropriate state and federal agencies in the process of reviewing application data. Such agencies include, but are not limited to, the U.S. Department of Education (ED), U.S. Internal Revenue Service (IRS), U.S. Citizenship and Immigration Services Bureau (USCIS), Illinois Department of Healthcare and Family Services, Illinois Department of Revenue, and Illinois Department of Children and Family Services.
- c) When requesting payment for ISAC gift assistance programs, the postsecondary institution is certifying that the applicants are eligible for the assistance. If an institution subsequently determines a student is no longer eligible for all or part of the awarded assistance, the institution must inform ISAC and submit the appropriate refund within 60 days after the receipt of payment or the end of a term, whichever is later.

- d) When requesting payment of benefits, institutions shall certify (in accordance with ISAC's rules or federal regulations) whether an applicant is eligible based upon enrollment in a particular academic program.
- e) If an institution erroneously certifies an applicant to be eligible for ISAC gift assistance programs, ISAC will recover the erroneous payment from the institution. Any student who obtained ISAC-administered funds by submitting inaccurate information to an institution must tender restitution to the institution to be eligible for ISAC assistance at that institution.
- f) If an applicant is selected for verification in conjunction with federal student assistance, that applicant shall also be verified for ISAC-administered programs. A selected applicant must be verified for ISAC programs even if the applicant is ineligible for federal student assistance.
- g) Because ED verification procedures do not include procedures for verifying a student as a resident of Illinois, the following provisions shall be followed by the institution.
 - 1) Residency status shall be verified if the institution has any information that indicates the applicant may not be a resident of Illinois.
 - 2) Residency status shall be verified for each applicant who is selected for verification and has changed dependency status to become an independent student.
 - 3) Residency verification shall not be required for an applicant who received payment of a MAP award during the previous academic year.
 - 4) Residency verification shall not be required for an applicant who was enrolled in an ISAC-approved MAP institution or an ISAC-approved Illinois high school (see Section 2700.30) for the preceding consecutive 12 months prior to the start of the academic year for which assistance is requested.
 - 5) Data from one or more of the documents listed below may provide proof that an applicant (or parent) is an Illinois resident, as defined in Section 2700.20. For an independent student applicant, the dates recorded on the documents must indicate the applicant has resided in Illinois for the relevant 12 continuous, full months.
 - A) A valid State or federal income tax return

- B) Illinois high school or college transcript
 - C) Illinois driver's license
 - D) Utility or rent bills in the applicant's (or parent's) name
 - E) Illinois auto registration card
 - F) Residential lease in the applicant's (or parent's) name
 - G) Wage and tax statements (IRS Form W-2)
 - H) Statement of benefits history from the Illinois Department of Healthcare and Family Services
 - I) State of Illinois identification card issued by the Secretary of State
 - J) Statement of benefits from the Illinois Department of Employment Security
 - K) Statement of benefits from the Social Security Administration
 - L) Illinois voter's registration card
 - M) Property tax bill
 - N) IRS Form 1099-Miscellaneous Income Statements
- 6) If an applicant is a resident of Illinois, but the institution cannot document this fact, the applicant or the institution may verify residency through ISAC's appeal process. (See Section 2700.70.)
- h) Institutions may request first term payment even though verification is not yet complete. If, after verification, an ISAC payment adjustment is appropriate, institutions must submit the appropriate refund. If verification is not completed within 60 days after the conclusion of the regular school year, the institution shall return the first term payment to ISAC. For other than the first term of eligibility in an academic year, the verification process must be completed before the institution may request payment.
- i) When an institution adjusts an applicant's eligibility pursuant to Title IV, Part F, of the Higher Education Act of 1965, as amended (20 USC 1087kk et seq.), the

institution shall retain documentation that demonstrates the appropriateness of the adjustment.

(Source: Amended at 32 Ill. Reg. 10269, effective July 1, 2008)

Section 2700.55 Use, Security and Confidentiality of Data

All educational institutions, lenders, holders, servicers and other entities participating in ISAC-administered programs shall comply with all applicable federal and State laws which regulate the privacy and use of, and access to, shared data. (See, e.g., the Family Educational Rights and Privacy Act (20 USC 1232g); the Data Processing Confidentiality Act [30 ILCS 585/0.01 et seq.]; the Freedom of Information Act [5 ILCS 140]; Section 487 of the Higher Education Act of 1965, as amended (20 USC 1094); (12 CFR 313; and 34 CFR 682.610.) The data shall be confidential and shall not be used, sold or shared for any purpose other than that which is directly related to the internal operations of the participating entity or ISAC. Participating entities shall be responsible for implementing appropriate security procedures to protect the integrity of the data accessed, stored, transmitted or received. (Source: Amended at 31 Ill. Reg. 9478, effective July 1, 2007)

Section 2700.60 Audits and Investigations

- a) ISAC shall audit participating institutions of higher learning. Postsecondary institutions participating in ISAC gift assistance programs shall be audited once every three years (schedule permitting) unless more frequent audits appear to be necessary due to circumstances such as: substantial increases in student enrollment, evidence that the institution is experiencing difficulty meeting the requirements of ISAC's rules or federal regulations, or discrepancies in past audits conducted by ISAC. Secondary institutions may be audited when ISAC has a complaint indicating an audit is appropriate. Audits shall usually be announced, but ISAC reserves the right to make unannounced audits.
- b) ISAC shall have access to all records related to ISAC programs. These records include, but are not limited to: admission records, financial records, registration records, attendance and enrollment records, financial aid transcripts, grades, academic transcripts and records maintained in accordance with ED verification procedures.
- c) ISAC audits shall be conducted in accordance with generally accepted audit standards as promulgated by the U.S. General Accounting Office publication "Standards for Audit of Governmental Organizations, Program Activities and Functions," where applicable.

- d) The institution shall be extended an opportunity to review and comment on the auditor's preliminary findings before the final audit report is submitted to the institution's chief executive officer. Audit findings may be appealed in accordance with Section 2700.70, Appeal Procedures.
- e) If an audit identifies gift assistance funds which were claimed on behalf of ineligible students, the funds shall be repaid to ISAC by the institution.
- f) ISAC may visit institutions to conduct investigations related to fraud and abuse of its programs. Campus administrators and/or campus security police may be consulted as part of any ongoing investigation.

(Source: Amended at 24 Ill. Reg. 9121, effective July 1, 2000)

Section 2700.70 Appeal Procedures

- a) Complainants (including applicants, institutions and lenders) may appeal an ISAC administrative decision in accordance with this Section. Complainants must submit their appeal within 60 days after and including the date of an administrative decision by ISAC. If a complainant fails to pursue an appeal within 60 days after and including the date of an administrative decision, including administrative decisions rendered under subsections (d) and (e) of this Section, the complainant forfeits all appeal rights.
- b) All appeals shall be submitted in writing, must specifically invoke the use of ISAC's appeal process and must indicate the specific issues to be reviewed. Each complainant shall be sent a written response within 15 working days after and including the date of receipt of their appeal.
 - 1) A complainant may submit any evidence which the complainant believes relevant to the issue appealed. If ISAC is not able to make a determination based on the information provided, the complainant may be requested to supply additional written materials related to the issue (e.g., income tax returns, ISAC correspondence).
 - 2) The standard of review is whether, based on the manifest weight of the evidence, the administrative decision being appealed is consistent with statutes, rules and regulations relevant to the issue appealed.
- c) At the complainant's discretion, a complainant may be represented by legal counsel. Except for appeals pursuant to Section 2700.50(g)(4) (Illinois residence) and 23 Ill. Adm. Code 2760.30 (State Scholar designations), applicant appeals

shall not be written or submitted by a lender or an institution. A lender or an institution may advise an applicant on appeal issues and opportunities.

- d) The complainant shall submit an appeal directly to the appropriate ISAC manager. An appeal may be pursued through the appropriate sequence of ISAC's administrative levels culminating with an appeal to the Executive Director. (See 2 Ill. Adm. Code 5375.Appendix A, Organization Chart.)
- e) Adjudicatory hearings are available for complainants who have first used the procedures of subsection (d) of this Section. A hearing shall be requested, in writing, within 60 days after the date of the Executive Director's appeal decision.
 - 1) Within 30 days after the receipt of a hearing request, the Executive Director shall schedule a hearing. The hearing shall be conducted in accordance with 23 Ill. Adm. Code 2790.140, Hearings.
 - 2) The independent hearing officer shall issue a decision based upon what transpired at the hearing, in accordance with and subject to 23 Ill. Adm. Code 2790.70, Decisions.
- f) The hearing officer's disposition, as provided for by 23 Ill. Adm. Code 2790.70(c), is considered the final administrative decision as defined by the Administrative Review Law [735 ILCS 5/Art. III]. The complainant shall be sent written notice of the final administrative decision within ten working days after the disposition of the appeal.

(Source: Amended at 33 Ill. Reg. 9742, effective July 1, 2009)

Section 2700.80 Contractual Agreement Requirements

- a) The primary purpose of an ISAC-approved contractual course of study must be educational and must lead to, and be required for, a degree or health education certificate in a published course of study offered by an ISAC-approved institution.
- b) All contractual agreements between ISAC-approved public institutions and non-approved institutions must involve programs approved by the Illinois Board of Higher Education (IBHE). (See 23 Ill. Adm. Code 1050.) All ISAC-approved institutions not governed by the IBHE program review and approval procedures shall submit their contractual agreements to ISAC for approval prior to requesting MAP payment for any contractual courses. ISAC may approve the contractual agreement if the terms are consistent with this Section.

- c) The institution of record must be an ISAC-approved institution.
- d) An ISAC-approved institution may enter into a contractual agreement with a non-approved institution/agency only if the ISAC-approved institution does not have faculty and specific educational facilities available within the institution to offer the Illinois Board of Higher Education-approved programs.
- e) All ISAC-approved institutions are required to submit to ISAC a published curriculum of all courses leading to a certificate or degree in all programs involving contractual agreements between two or more institutions/agencies. Only courses required for these programs that are included in the published curriculum will be eligible for ISAC payment. Furthermore, only those courses approved by the Illinois Community College Board for baccalaureate-transfer or vocational programs in the public community colleges will be eligible for ISAC payment at the public community colleges.
- f) The Chief Executive Officer of the ISAC-approved institution not subject to IBHE contractual guidelines and/or program review and approval procedures shall certify in a statement to ISAC that:
 - 1) According to the contract with the non-approved institution, the following items are the responsibility of the ISAC-approved institution:
 - A) administrative responsibility for the program;
 - B) provisions for program supervision, including on-site visits;
 - C) procedures for the maintenance of records and transcripts;
 - D) number of credit hours required and criteria for course completion within the program;
 - E) statement on student tuition, mandatory fees and other charges;
 - F) faculty employment and evaluation;
 - G) availability of student auxiliary services;
 - H) maintenance of liability insurance;
 - I) establishment and utilization of a representative advisory committee; and

- J) annual program and contract review.
- 2) The non-approved institution/agency's policies, procedures and practices are consistent with those of the ISAC-approved institution as they relate to:
 - A) admissions;
 - B) student withdrawals; and
 - C) provisions for follow-up studies.
- 3) The non-approved institution/agency meets statutory requirements and is approved by appropriate State of Illinois agencies and boards; and
- 4) The contract with the non-approved institution is consistent with the policies, rules and applicable regulations of the approval agency or board that has jurisdiction over the institution/agency.
- g) ISAC requires all ISAC-approved institutions to indicate the percentage of their own students who participate in the contractual program(s) of study, and the percentage of all students enrolled in the non-approved institution/agency who will receive tuition assistance through an approved contractual agreement. When either of these percentages exceeds 30%, the contractual agreement will not be approved by ISAC.
- h) All students wishing to enter into programs where contractual courses are taken must be informed by the ISAC-approved institution whether these courses are eligible for ISAC payment.
- i) The contractual agreement shall be filed with ISAC along with annual tuition and fee charges. (See 23 Ill. Adm. Code 2700.30(e).)

(Source: Added at 22 Ill. Reg. 11072, effective July 1, 1998)