

RULE REVIEW

Higher Education Services Corporation

Pursuant to Section 207 of the State Administrative Procedure Act (SAPA), notice is hereby provided of the following rules which the New York State Higher Education Services Corporation (HESC) intends to review in 2008. Public comment on the continuation or modification of these regulations must be received within 45 days of the date of publication of this notice.

The following regulations are subject to review in the 2008 calendar year:

8 NYCRR 2101.5 - Insurance Premium.

Description of Rule: The rule places a cap on the maximum rate HESC can assess as an insurance premium (also known as the guarantee fee) on student loans under the Federal Family Education Loan Program (FFELP).

Legal Basis for Rule: Education Law §§652; 653; 655; 681-a; and section 428(b)(1)(H) of the Federal Higher Education Act (HEA).

Need for Rule: Under the HEA of 1965, HESC was authorized to collect insurance premiums (also known as guarantee fees) up to 1% of the principal amount of each FFELP loan. The Higher Education Reconciliation Act (HERA) of 2005 changed the name of the insurance fee to the Federal Default Fee. Under HERA, HESC is required to deposit a Federal Default Fee up to 1% of the principal amount of each FFELP loan into its Federal Fund. The Federal Default Fee can either be charged to the borrower by a deduction from the proceeds of the loan or paid from other non-federal sources.

HESC Review: HESC anticipates amending this regulation during the 2008 calendar year to incorporate changes contained in HERA or changes to HEA.

8 NYCRR 2201.3 - Eligibility Criteria for Tuition Awards for Vietnam and Persian Gulf Veterans.

Description of Rule: The rule establishes eligibility criteria for tuition awards for eligible veterans.

Legal Basis for Rule: Education Law section 669-a. The rule implements a scholarship program created by Chapter 90 of the Laws of 1984.

Need for Rule: Section 2201.3 of Title 8 of the NYCRR was filed as an emergency measure on May 29, 1984 and was adopted as a permanent rule on September 25, 1984. The regulation was amended on October 8, 1985 in response to a statutory amendment which broadened the program to include vocational schools approved by the United State Secretary of Education to receive federal campus based Perkins Loans. The rule was subsequently amended and adopted in February 2003 to address recurring statutory sunset provisions and to adjust the application deadline set by the Education Law. The 2008-2009 Executive Budget contains an amendment to increase benefits for combat veterans who are discharged under honorable conditions to fully cover the cost of tuition at State University of New York (SUNY) or City University of New York (CUNY) colleges. The rule is necessary as it clarifies eligibility criteria required for HESC's implementation of this scholarship.

HESC Review: If this program is statutorily amended, HESC will amend the regulation to conform to the statute.

8 NYCRR 2201.4 - Eligibility Criteria for Vietnam Veterans' Children Born with Spina Bifida.

Description of Rule: This rule clarifies section 668-c of the Education Law which governs the above-referenced program. Under the program, eligible students can receive a \$450 scholarship each year for up to five years of study.

Legal Basis for Rule: Sections 653, 655 and 668-c of the Education Law.

Need for Rule: The regulation is needed to clarify the award amounts and periods of eligibility for graduate students as compared to undergraduate students and to clarify eligibility criteria required for HESC's implementation of this scholarship.

HESC Review: HESC does not anticipate amending this regulation.

Agency Contact Information

Public comment on the continuation or modification of the above rules is invited. Comments must be received within 45 days of the date of publication of this notice. Comments or requests for information should be submitted to:

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