



WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

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CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 01-078

AN ORDER to create chapter HEA 13, relating to the teacher education loan program.

Submitted by **HIGHER EDUCATIONAL AIDS BOARD**

07-02-01 RECEIVED BY LEGISLATIVE COUNCIL.

07-31-01 REPORT SENT TO AGENCY.

RNS:RW:jal;tlu

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached YES NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached YES NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached YES NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS [s. 227.15 (2) (e)]

Comment Attached YES NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached YES NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL REGULATIONS [s. 227.15 (2) (g)]

Comment Attached YES NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached YES NO



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Comments

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated September 1998.]

2. Form, Style and Placement in Administrative Code

a. The rule is not in compliance with the standard drafting guidelines set forth in the Administrative Rule Procedure Manual or the Drafting Manual of the Legislative Reference Bureau. It will be necessary to redraft the rule to comply with these standards prior to submitting the final draft version to the Legislature for review. [See s. 227.14 (1), Stats.]

b. It is not feasible to cite all of the areas in which the rule is inconsistent with drafting standards, but the following general observations may be helpful:

- (1) A copy of a rule prepared by the Department of Agriculture, Trade and Consumer Protection is attached to provide a model of how a rule should be drafted.
- (2) The standard drafting guidelines are in the Manual at pages 1 to 16. These provisions will be helpful in using appropriate drafting style, arrangement of the rule, numbering, format and other concerns. For example:
 - (a) The definitions should be in alphabetical order and conform to s. 1.01 (7), Manual.
 - (b) Subsection numbers should be enclosed in parentheses. [See s. 1.03 (3), Manual.]

- (c) The arrangement of the rule should follow the provisions of s. 1.02, Manual.

5. Clarity, Grammar, Punctuation and Use of Plain Language

a. Under s. HEA 13.04, item 1, it is not clear who will set the maximum award. If it is the Higher Educational Aids Board, that should be stated. Will this be done by rule? [See s. 227.01 (13) and 227.10 (1), Stats.] Also, in the first sentence, "is" should be changed to "of."

b. The third sentence of s. HEA 13.04, item 1, should be rewritten for clarity. As drafted, it is not clear how the calculation will be done; for example, how will the "borrower's cost of education" be determined? Also, what will be included in the "need-based aid" or "any other educational cost related resources"? Use of the language "(t)he exact amount of the award will be up to" is also ambiguous in that it is not clear whether the award is required to match the calculation or may not exceed the amount of the calculation.

c. Throughout the rule, the term "shall" is used in areas where a permissive "may" appears to be more appropriate; and the term "will" is used where it is not clear whether a mandatory or permissive direction is intended. It is suggested that the agency review the entire text of the rule to assure that the terminology used reflects the intent of the agency. Also, "is required to" should be replaced by "shall."

d. Section HEA 13.05, item 3, states that the board "shall voucher a check." What is intended by this phrase; would "issue a check" cover the intended requirement?

e. The section of the rule dealing with loan forgiveness [s. HEA 13.06], terms of repayment [s. HEA 13.07] and deferment [s. HEA 13.08] all need to be carefully redrafted so that they clearly state the intended requirements. Special attention should be directed to clarifying which determinations are to be made by the board and which are not subject to board review. For example, the rule appears to require deferment of a loan to all borrowers who meet the criteria or status under s. HEA 13.08, without any review by the board of the determination. The agency may wish to consider whether to institute a review procedure for requests for deferment or forgiveness, to allow determinations to be made on the situation of each person. As drafted, it is not clear how the rule would be read to allow a review and decision.

f. The language in s. HEA 13.08, item 7, defining "forbearance" should be placed in the definition section.

g. The language in the second sentence of s. HEA 13.08, item 3, relating to granting a deferment to persons who are employed in a "private agency" that is similar to the peace corps or VISTA if the agency is federally tax-exempt seems likely to cause some confusion in allocating loan deferments in the future. Also "vista" should be replaced by "Volunteers in Service to America."

h. The agency should consider an initial applicability section to specify which loans will be subject to the rule when it takes effect, especially since there are apparently loans currently outstanding.

Clearinghouse Rule 01-004

1

DATCP Docket
Number 99-R-9

Proposed Hearing Draft
November 21, 2000

**PROPOSED ORDER OF THE STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE, TRADE AND
CONSUMER PROTECTION
ADOPTING RULES**

2 The state of Wisconsin department of agriculture, trade and consumer protection
3 proposes the following order to create ATCP 48.49 and ATCP 48 subch. IX; and to
4 amend ATCP 48 subch. VII (title); relating to drainage district finances and grants to
5 county drainage boards.

**Analysis Prepared by the Department of
Agriculture, Trade and Consumer Protection**

Statutory Authority: ss. 93.07(1), 88.11 and 88.15(2), Wis. Stats.
Statute Interpreted: ss. 88.15 and 88.18, Stats.

In the 1999-2001 biennial budget act (1999 Wis. Act 9), the Legislature created a state grant program to help county drainage boards comply with new legal requirements related to drainage districts. This rule implements that grant program. This rule also clarifies that county drainage boards must keep their drainage district accounts with the county treasurer.

Background

Drainage districts are special purpose districts formed to drain land, primarily for agricultural purposes. Drainage districts control the flow of water in large areas of the state, and have a major impact on agriculture, land use and the environment. Some districts have been in existence since the 1880s. There are approximately 199 drainage districts located in 30 counties.

A county drainage board oversees all the drainage districts within each county. The Wisconsin department of agriculture, trade and consumer protection (DATCP) helps county drainage boards comply with state drainage laws, ch. 88, Stats., and ch. ATCP 48, Wis. Adm. Code.

When a drainage district is created, the circuit court approves drainage district specifications that determine the rights and responsibilities of affected landowners. But many old drainage specifications are unclear, and some have been lost or destroyed. A lack of clear specifications can lead to costly problems and legal disputes.

New Legal Requirements

Recent law changes require county drainage boards to update the specifications for all drainage districts. For each drainage district, a county drainage board must create a professional quality map set showing drainage district boundaries, drain alignments, drain cross-sections and drain grade profiles. Drainage boards must also develop plans to maintain drainage districts according to the updated specifications.

County drainage boards must assess drainage district landowners in order to pay for drainage district specifications, maintenance plans and other costs. Drainage boards must assess costs according to the benefits that landowners derive from the drainage district. In order to assess costs fairly, some county drainage boards may need to modernize their outdated assessments of landowner benefits.

Grant Program

In the 1999-2001 biennial budget act, the Legislature provided grant funds to help county drainage boards meet their new legal responsibilities. The Legislature provided \$500,000 for the state fiscal year ending June 30, 2001, with a possibility of continued annual appropriations until June 30, 2006. From these appropriations, DATCP may award grants for 60% of eligible drainage board costs.

Initial Grants

On September 15, 2000, DATCP awarded drainage board grants for the state fiscal year ending June 30, 2001. DATCP offered a total of just over \$450,000 to 12 county drainage boards. DATCP awarded grants for the following types of projects, in descending priority order:

- Drainage specifications (map sets).
- Drainage benefit reassessments.
- Drainage district maintenance plans.

If the Legislature continues to appropriate funds, DATCP will continue to award drainage board grants in future fiscal years. This rule establishes standards and procedures for the grant program.

County Drainage Board Accounts

According to s. 88.18, Stats., the county treasurer must serve as treasurer of all drainage districts under the jurisdiction of the county drainage board. The county treasurer may deduct a portion of the interest earned on county drainage board accounts, to cover relevant costs incurred by the county treasurer and county zoning administrator. The county drainage board may appoint its own treasurer, who serves as deputy county treasurer. This rule clarifies the handling of county drainage board funds, to ensure proper documentation and accountability.

Rule Contents

Grants to County Drainage Boards; General

Under this rule, DATCP may award grants to county drainage boards to help them comply with ch. 88, Stats., and ch. ATCP 48, Wis. Adm. Code. A grant may pay a county drainage board for up to 60 percent of the drainage board's costs to do any of the following:

- Develop and adopt drainage district specifications (map sets).
- Reassess benefits in a drainage district.
- Develop and adopt drainage district maintenance plans. (Grants do not pay for actual maintenance costs.)
- Carry out other eligible projects identified in DATCP's annual request for grant proposals.

Annual Request for Grant Proposals

Under this rule, DATCP must annually request grant proposals from county drainage boards. DATCP must issue its annual request, in writing, to each county drainage board. The request must include all the following:

- The amount of grant funds available for distribution in the grant year. Each grant year ends on June 30.
- The types of projects for which county drainage boards may request funding.
- DATCP's grant priorities, if any.
- General grant terms and conditions that may affect grant applications.
- Grant application procedures.
- A grant application deadline.
- A grant application form.

Grant Applications

To apply for a grant, a county drainage board must submit a completed grant application form that includes all the following:

- A description of the project for which the county drainage board seeks a grant.
- The estimated cost of the project.
- The county drainage board's plan for financing the project.
- Competitive bidding or other procedures that the county drainage board will use to control project costs.
- Other information required by DATCP.

Grant Awards

Under this rule, DATCP must act on all grant applications within 90 days after the annual grant application deadline. DATCP must notify all grant applicants of its grant awards.

Grant Contracts

Under this rule, DATCP must enter into a grant contract with each grant recipient. The contract must specify grant terms and conditions. DATCP must distribute grant funds according to the grant contract.

Grant Payments

DATCP will make grant payments after the county drainage board documents that it has completed the funded project and paid its share of the project costs. DATCP will not pay any project costs incurred after the end of the grant term specified in the grant contract.

A county drainage board must submit a payment request on a form provided by DATCP. The county drainage board must document that it has completed the project and paid its share of the project costs.

DATCP will make grant payments to the county treasurer, for the benefit of the county drainage board. If the county drainage board hires an agent to complete a project on its behalf, DATCP may make a check jointly payable to the county treasurer and that agent.

County Drainage Board Accounts

Under this rule, whenever a person receives funds on behalf of a county drainage board or any drainage district, that person must promptly deposit those funds with the county treasurer. The county treasurer may not pay out any funds without proper authorization from the county drainage board.

Pursuant to s. 88.18(1), Stats., the county treasurer may retain a portion of the interest received on drainage district funds, to cover costs that the county treasurer and county zoning administrator incur to provide services to the county drainage board. The amount retained may not exceed the amount authorized by s. 88.18(1), Stats.

Under this rule, the county treasurer must keep a separate account for each drainage district. The county treasurer must keep complete accounting records in the county treasurer's office. The accounting records must include records of all receipts, deposits, payments, county deductions and account balances. The county drainage board must also file, with the county treasurer, a copy of every DATCP grant contract with the county drainage board.

The county treasurer must retain the accounting records as county records. Except as provided in ch. 88, Stats., or ch. ATCP 48, the county treasurer must treat the records as the treasurer would treat comparable county accounting records for retention and disposal purposes.

Under this rule, if a county drainage board appoints its own treasurer, that treasurer serves as a deputy of the county treasurer. The county drainage board treasurer must promptly deposit, with the county treasurer, all funds received on behalf of the county drainage board or any drainage district. The drainage board treasurer may not pay out any funds before depositing them with the county treasurer.

The drainage board treasurer may not pay out any funds without proper authorization from the county drainage board *and* the county treasurer. The county treasurer may not refuse to authorize a payment approved by the county drainage board, unless there are insufficient funds in the drainage district account to make that payment. The county treasurer must keep complete records of all drainage district accounts (the drainage board treasurer may keep duplicate records).

1 **SECTION 1.** Ch. ATCP 48, subch. VII(title) is amended to read:

2 **SUBCHAPTER VII**

3 **DRAINAGE DISTRICT RECORDS AND FINANCIAL MANAGEMENT**

4 **SECTION 2.** ATCP 48.49 is created to read:

5 **ATCP 48.49 Financial management.** (1) The county treasurer shall serve as
6 treasurer of all drainage districts under the jurisdiction of the county drainage board. A
7 person who receives funds on behalf of the county drainage board or any drainage district
8 shall promptly deposit those funds with the county treasurer. Except as provided in sub.
9 (2), the county treasurer may not pay out any funds deposited under this subsection
10 without proper written authorization from the county drainage board.

1 (2) The county treasurer may retain, for the benefit of the county, a portion of the
2 interest received on drainage district funds held by the county treasurer, to cover county
3 costs identified under s. 88.18(1), Stats. The amount retained may not exceed the amount
4 authorized under s. 88.18(1), Stats.

5 **NOTE:** Section 88.18(1), Stats., authorizes the county treasurer to deduct the
6 following county costs from the interest received on drainage district
7 funds:

- 8
- 9 • The county treasurer's cost to provide services to the county
- 10 drainage board.
- 11 • The county zoning administrator's cost to maintain and provide
- 12 copies of drainage board records under s. 88.19, Stats.
- 13

14 (3) The county treasurer shall keep a separate account for each drainage district,
15 as required by s. 88.18(2), Stats. The county treasurer shall keep, in the county
16 treasurer's office, complete accounting records including records of all receipts, deposits,
17 payment authorizations, payments, county deductions and account balances.

18 (4) A county drainage board shall file, with the county treasurer, a copy of every
19 grant contract under s. ATCP 48.60(5).

20 (5) The county treasurer shall retain the records under subs. (3) and (4) as county
21 records. Except as provided in ch. 88, Stats., and this chapter, the county treasurer shall
22 treat the records as the treasurer would treat comparable county accounting records for
23 retention and disposal purposes.

24 (6) If the county drainage board appoints a drainage board treasurer under s.
25 88.18(3), Stats., all the following apply:

26 (a) The drainage board treasurer shall serve as the deputy of the county treasurer.

27 (b) The drainage board treasurer shall promptly deposit, with the county

28 treasurer, all funds that the drainage board treasurer receives on behalf of the county

1 drainage board or any drainage district. The drainage board treasurer may not pay out
2 any funds before depositing them with the county treasurer.

3 (c) The drainage board treasurer may not pay out any funds without proper
4 written authorization from the county drainage board and the county treasurer. The
5 drainage board treasurer shall file, with the county treasurer, copies of all payment
6 authorizations received from the county drainage board. The county treasurer may not
7 refuse to authorize a payment authorized by the county drainage board, unless there are
8 insufficient funds in the drainage district account to make that payment.

9 (d) The county treasurer shall keep all of the drainage board accounting records
10 required under subs. (3) to (5), notwithstanding the appointment of a drainage board
11 treasurer. The drainage board treasurer shall file, with the county treasurer, all records
12 required under subs. (1) to (5). The drainage board treasurer may keep duplicate copies
13 of those records.

14 SECTION 3. Subchapter IX of chapter ATCP 48 is created to read:

15 **SUBCHAPTER IX**

16 **GRANTS TO COUNTY DRAINAGE BOARDS**

17 **ATCP 48.60 Grants to county drainage boards.** (1) GENERAL. From the
18 appropriation under s. 20.115(7)(d), Stats., the department may award grants to county
19 drainage boards to help those boards comply with ch. 88, Stats., and this chapter. The
20 department shall award grants in each state fiscal year, subject to available funding. A
21 grant may reimburse a county drainage board for up to 60 percent of the drainage board's
22 costs to do any of the following:

1 (a) Develop and adopt drainage district specifications required under s. ATCP
2 48.20.

3 (b) Reassess benefits in a drainage district. The reassessment shall comply with
4 ss. ATCP 48.02 to 48.10.

5 (c) Develop and adopt drainage district maintenance plans under s. ATCP 48.22.

6 **NOTE:** A grant under par. (c) may be used only for maintenance plans, not
7 actual maintenance costs.

8
9 (d) Other eligible projects that the department identifies in its annual request for
10 grant proposals under sub. (2).

11 (2) ANNUAL REQUEST FOR GRANT PROPOSALS. Before the department awards any
12 grant under sub. (1) in any state fiscal year, the department shall publish an annual
13 request for grant proposals and shall provide a copy to every county drainage board. The
14 annual request for grant proposals shall include all the following:

15 (a) The amount of grant funds available for distribution in that state fiscal year
16 ending June 30.

17 (b) Eligible project categories under sub. (1).

18 (c) The department's grant priorities, if any.

19 (d) The method that the department will use to allocate funds between competing
20 grant proposals of equal priority, if it cannot fully fund all of those proposals.

21 **NOTE:** For example, the department may fund equally rated grant proposals on a
22 "first come, first served" basis.

23
24 (e) General grant terms and conditions that may affect grant applications.

25 (f) Grant application procedures.

26 (g) A grant application deadline.

1 (h) A grant application form.

2 (3) GRANT APPLICATIONS. A county drainage board may apply for a grant under
3 sub. (1). The county drainage board shall make the grant application on a form that the
4 department provides under sub. (2)(h). The grant application shall be broken down by
5 drainage district, and shall include all the following:

6 (a) A description of each drainage district project for which the county drainage
7 board seeks a grant.

8 (b) The estimated cost of the project.

9 (c) The county drainage board's plan for financing the project.

10 (d) Competitive bidding or other procedures that the county drainage board will
11 use to control project costs.

12 **NOTE:** A county drainage board is not required to select the low bidder for a
13 funded project. But the department may make its grant award and
14 payments based on the low bid cost.

15
16 (e) Other information required by the department.

17 (4) GRANT AWARDS. Within 90 days after the grant application deadline under
18 sub. (2)(g), the department shall make its grant awards. The department shall give notice
19 of its awards to all county drainage boards that applied for grants.

20 (5) GRANT CONTRACTS. Before the department pays any grant funds to a county
21 drainage board, the department shall enter into a grant contract with that county drainage
22 board. The contract shall specify the time period and other terms and conditions of the
23 grant. The department shall make grant payments according to sub. (6) and the grant
24 contract.

1 (6) GRANT PAYMENTS. (a) The department shall make grant payments after the
2 county drainage board completes the funded project and pays its share of the project
3 costs. The department may not pay for any project cost incurred after the end of the grant
4 period specified in the grant contract.

5 (b) The county drainage board shall submit a payment request on a form provided
6 by the department. In its request, the county drainage board shall document that it has
7 completed the project and paid its share of the project costs.

8 (c) The department shall make grant payments to the county treasurer, for the
9 benefit of the county drainage board. If the county drainage board hires an agent to
10 complete a project on its behalf, the department may make a check jointly payable to the
11 county treasurer and that agent.

12 **EFFECTIVE DATE.** The rules contained in this order shall take effect on the
13 first day of the month following publication in the Wisconsin administrative register, as
14 provided under s. 227.22(2)(intro), Stats.

Dated this _____ day of _____, 2001.

**STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE, TRADE
AND CONSUMER PROTECTION**

Ben Brancel, Secretary

PROPOSED
CHAPTER HEA 13
Administrative Procedures for the
Teacher Education Loan Program

HEA 13.01 Purpose

To define the various aspects of the Teacher Education Loan Program authorized by State Statute 39.395, as created by 1997 Wisconsin Act 27, as to the awarding of loans, their forgiveness, or their repayment.

HEA 13.02 Definitions

1. "MTEC" is the abbreviation for the Milwaukee Teacher Education Center; a non-stock, non-profit corporation organized under Chapter 181 of State Statutes.
2. "Board" means the Higher Educational Aids Board.
3. "Loan" means the Teacher Education Loan Program.
4. "Eligible school district" means the Wisconsin school district operating under Chapter 119 of State Statutes, First Class City School System (currently only the Milwaukee Public Schools).

HEA 13.03 Borrower Eligibility

1. The borrower shall be a resident of the United States either a citizen or an alien lawfully admitted for permanent residence by the Federal Immigration and Naturalization Service.
2. The borrower shall be a Wisconsin resident as determined by the board using the residency standards of s. 36.27, Stats.
3. The borrower shall be enrolled in a teacher education program at MTEC.

HEA 13.04 Terms of Loan

1. Eligible borrowers may receive a minimum award is \$250. The maximum award amount will be set annually. The exact amount of the award will be up to the borrower's cost of education minus need-based aid and any other educational cost related resources.
2. For loans that are not forgiven and must be repaid, the interest rate shall be 5% annually on the unpaid principal balance with accrual beginning upon the initial date of repayment. Interest shall not accrue during periods of full-time enrollment, employment for forgiveness, or during board-authorized periods of deferment from repayment.
3. The initial date of repayment will be determined by the board in each instance beginning no sooner than the day after the borrower withdraws or graduates from school.

HEA 13.05 Application Process

1. A borrower seeking a loan shall contact MTEC.
2. MTEC shall determine the borrower's cost of education within the requirements set by the Board. MTEC shall decide if the borrower shall receive a loan under this program.
3. MTEC shall notify the board of the loan amount for the borrower. The board shall voucher a check for the borrower's loan after the borrower's signed agreement form has been received by the board. The agreement form shall set forth the terms of the loan, the terms of forgiveness, the terms of repayment, and the borrower's rights and responsibilities.
4. All borrower's contact concerning forgiveness and repayment shall be with the board. After leaving MTEC the borrower is required to maintain contact with the board until the loan is either forgiven or repaid. The borrower is required to forward all name, address, and telephone number changes to the board.

HEA 13.06 Loan Forgiveness

1. Loans shall be forgiven when the borrower is employed as a full-time teacher in the eligible school district. For every academic year of employment, 50% of the principal and accrued interest, if any, shall be forgiven, with the amount to be prorated in cases where fewer months are worked. The borrower shall be given a maximum of 3 years to work the required 2 years.

- def.*
2. The maximum of 3 years allowed for forgiveness shall be extended by the board for up to a total of 3 additional years for active duty military service, peace corps, and vista; and for such time periods approved by the board for pregnancy or temporary physical and emotional disability. In no instance shall the term of forgiveness exceed 6 years including extensions authorized by the board. The executive secretary may allow additional periods of deferment in exceptional situations.
 3. Any loan principal remaining unforgiven either because the forgiveness period as defined in (1) and (2) is over, or because the borrower has not been employed for forgiveness as defined in (1) or has moved out of state, shall be repaid to the State of Wisconsin with interest accrued from the date on which the forgiveness period ended. *sub.*
 4. Only borrowers who have completed the teacher education program at MTEC and who are licensed to teach by the Wisconsin Department of Public Instruction are eligible for forgiveness.
 5. No interest shall be charged to the borrower during the forgiveness period.

HEA 13.07 Terms of Repayment

1. The borrower shall repay the loan if not employed as a full-time teacher in the eligible school district. Repayment shall be required of borrowers who are employed for periods of time but who do not complete their forgiveness within the time allowed.
2. The minimum monthly payment shall be \$50 including principal and accrued interest. Accrued interest shall be paid first each month from the payment received. The board shall determine the monthly repayment schedule, although the borrower may request a schedule with a higher monthly payment.
3. The borrower shall repay the loan within a maximum of 6 years not counting periods of deferment granted by the board. Interest shall not accrue during periods of deferment authorized by the board.
4. The borrower may prepay any or all of the loan without penalty whether the borrower is in forgiveness, repayment, or deferment.
5. If the borrower dies or becomes totally and permanently disabled, all obligation to make any further payment of principal and interest on the loan is canceled.

HEA 13.08 Deferment of Loan Repayment for Borrowers

1. Borrowers who return to school on a full-time basis in any course of study at an accredited institution shall be deferred from repayment by the board for the period of enrollment.
2. Borrowers who enter the military on active duty shall be deferred from repayment by the board for up to 3 years. National Guard and reserve duty are not eligible for deferment.
3. Borrowers who enter the peace corps or vista shall be deferred from repayment by the board for up to 3 years. Employment with a similar private agency is eligible for deferment if the agency is federally tax exempt.
4. Borrowers who are unemployed may be deferred from repayment by the board for up to 6 months at a time, up to a maximum of 24 months, as long as they provide proof, satisfactory to the board, that they are actively seeking employment.
5. Borrowers who become pregnant, give birth or legally adopt a child shall be deferred from repayment by the board for up to 12 months.
6. In order to receive a deferment, the borrower shall apply to the board. If the borrower submits written evidence that verifies eligibility for the deferment, the board shall approve of and grant the deferment.
7. The board may grant forbearance from repayment for the benefit of the borrower. Forbearance means an extension of time for making loan payments or the acceptance of smaller payments than were previously scheduled. The board may grant forbearance whenever unemployment, health, other personal problems, or study that is ineligible for deferment temporarily affects the borrower's ability to make scheduled payments.

NOTICE OF HEARING
Higher Educational Aids Board
(HEA, Ch. 13)

NOTICE IS HEREBY GIVEN That pursuant to ss. 39.395, Stats, the Higher Educational Aid Board will hold a public hearing to consider the creation of HEA 13, Wis. Adm. Code, relating to the administration of the Teacher Education Loan Program.

The Public Hearing will be held:	<u>Date and Time</u>	<u>Location</u>
	July 20, 2001 9:00 AM to 9:30 AM	Senate Hearing Room #201SE State Capitol Madison, Wisconsin

The hearing is fully accessible to people with disabilities.

Analysis Prepared by the Higher Education Aids Board

The 1997 Wisconsin Act 27 created s. 39.395, which provides for loans to Wisconsin residents enrolled in the teacher education program of the Milwaukee Teacher Education Center (MTEC). The Wisconsin Higher Educational Aid Board (HEAB) administers this program under s. 39.395. These would be the final administrative rules for this program. The student who receives the award must agree to teach in the Wisconsin school district operating under Chapter 119 of the Wisconsin State Statutes, First Class School System. For each year the student teaches in an eligible school district, 50% of the loan is forgiven. If the student does not teach in an eligible district, the loan must be repaid at an interest rate of 5%. There are provisions for a maximum and minimum award amount, an application process, loan forgiveness, terms of repayment, and deferment of loan repayment for borrowers. The proposed administrative rules will not affect expenditures of State funds for the Teacher Education Loan Program.

Statutory Authority: Section 39.395, Stats. as created by 1997 a. 27

Fiscal Estimate: The proposed rules cause no alterations in the present allocation of funds so there is no fiscal impact.

Contact Person: To find out more about the hearing or request copies of the proposed rules, write, call or e-mail:

Jim Buske
Higher Education Aid Board
131 West Wilson Street, P.O. Box 7885
Madison, WI 53707-7885
(608) 267-9865
james.buske@heab.state.wi.us

Written Comments on the proposed rules received at the above address no later than **July 13, 2001** will be given the same consideration as testimony present at the hearing.

Initial Regulatory Flexibility Analysis: The proposed rules concern a student financial aid program and have no affect upon small business in Wisconsin.

Effective Date: These rules shall take effect on the first day of the month following publication in the Wisconsin Administrative register as provided in s. 227.22 (2) Stats.