

AGENDA ITEM 8.

STATE LEGISLATIVE UPDATE

Submitted for: Information

Summary: As of this writing, the budget impasse continues, and ISAC-administered gift assistance programs remain unfunded for the current fiscal and academic year. Nonetheless, General Assembly members continue to introduce and advance bills and resolutions that, if approved, would affect Illinois students and families or the programs that the Commission administers.

This item highlights some of the legislative action that is most noteworthy for ISAC as the General Assembly enters the second half of its scheduled spring legislative session. Topics include proposals for new ISAC-administered grant programs, a new Student Loan Servicing Act, and a proposal to establish automatic admission standards for Illinois public universities.

Action requested: None

ILLINOIS STUDENT ASSISTANCE COMMISSION

STATE LEGISLATIVE UPDATE

Having just passed the halfway point of the scheduled spring legislative session as of this writing, the General Assembly and Governor remain unable to come to agreement on state budgets for either the current year (FY17) or the upcoming fiscal year that will begin July 1, 2017.

Despite Senate leaders' introduction in January of an ambitious bipartisan package that included a full-year budget, new revenues, and a variety of reforms, visible progress towards a "grand bargain" seems to have stalled. Legislators and the Governor remain at odds, and there are no apparent signs that Illinois might soon enact a budget for either the current fiscal year (FY17) or the next (FY18), which will begin July 1. *As of this writing, there is still no approved funding for programs administered by the Illinois Student Assistance Commission for the current (2016-17) academic year.*

The on-going budget impasse has not deterred legislators from filing a large number of bills with the potential to affect college access and affordability for Illinois students. With many of these bills failing to receive committee consideration before the initial deadlines for such action, though, it appears that many of these proposals may be set aside for the remainder of the spring legislative session.

Some of the concepts that did not proceed past the committee stage include the following:

- a new ISAC-administered loan program
- two new ISAC-administered grant programs promoting the teaching profession
- a new ISAC-administered grant program to help students over 30 who are unemployed and seeking vocational training
- various new or expanded ISAC-administered programs that would have required public institutions to waive charges (without reimbursement) for veterans, their children, high-achieving Chicago Public Schools graduates, or individuals selected by General Assembly members from among their constituents
- new tax deductions and credits related to payments for college costs, loan repayment, and private contributions to support State programs

A number of bills that continue to move through the General Assembly and that could affect ISAC's mission are highlighted below and grouped by topic. The bill descriptions and statuses (in italics) are current as of this writing. **At this point, it is too early to determine which of the bills, if any, will ultimately pass the General Assembly and be signed by the Governor.**

ISAC-ADMINISTERED GRANT PROGRAMS

Police job training program & scholarship

House Bill (HB) 243 (Flowers) w/House Amendments (HAs) #2 & 3

Passed House Elementary & Secondary Education Committee; On 2nd Reading in House

This bill includes two main components: It allows high schools in counties with populations of 175,000 or more to develop police job training programs in conjunction with local law enforcement, and it creates a scholarship program, administered by ISAC, that would be available to students who "successfully complete" the high school program. Very little detail—defining the size of award, for example, or establishing the criteria that should be used to determine how to allocate insufficient funding—is provided regarding the scholarship program. The Police Training Academy Job Training Program and Scholarship Fund would be created as a special fund in the State treasury to provide support for the police training academy job training and scholarship programs. The bill does not describe how dollars in that fund would be divided between the high school program and the scholarship program, how schools would apply for grants funds, etc..

Public University Grant Program

HB 456 (Greenwood)

Passed House Higher Education Committee; On 2nd Reading in House

This bill would create a new need-based grant program that would be available to students at public universities who take at least 15 hours a semester and whose income is below the poverty level. Much more generous than existing grant programs, the new grant would cover the total cost of attendance, defined as the tuition and fees, room and board, and book and supply costs related to a student's attendance at a public university. ISAC estimates that there are currently around 19,900 poverty-level, full-time students at public universities who could benefit from this program, with a projected total cost of approximately \$300 million for the first year. (For comparison, \$300 million in the existing Monetary Award Program, MAP, could support more than 111,000 MAP recipients, albeit with a much smaller grant.) Notably, the creation of such a program would change behavior among low-income students who could thereby become eligible for the program—for example, by leading part-time students to enroll full-time or encouraging students who are now enrolled in other sectors to transfer to public universities. These changes

would increase the number of eligible students and thereby add to the costs of fully funding the new program. \$800 million or more could be required annually to fully fund this new program, depending on how many low-income Illinoisans took advantage of the program. (At around \$800 million, around 48,500 students would be receiving this grant.)

Licensed teachers' access to Minority Teachers of Illinois scholarships
Senate Bill (SB) 1739 (Lightford)

Passed Senate Education Committee; On 2nd Reading in Senate

This ISAC initiative clarifies that an individual who is already licensed to teach and is enrolled in a course of study leading to an additional teaching endorsement or a master's degree in an academic field in which he or she is teaching or plans to teach may participate in the existing Minority Teachers of Illinois scholarship program (rather than limiting the program to undergraduate students). This proposal aligns with a 2016 recommendation from the P-20 Council's Teacher Leadership and Effectiveness Committee to promote access to dual credit. The committee reported that, currently, there are a number of school districts that are unable to offer dual credit coursework because their teachers lack the advanced degrees required to offer courses leading to college credit.

LOAN REPAYMENT ASSISTANCE & LOAN SERVICING

Creates the Loan Repayment Assistance Act

HB 145 (Stuart)

HA #1 has been assigned to the House Higher Education Appropriations Committee (Underlying bill is on House 2nd Reading)

Under the proposed Loan Repayment Assistance Act, ISAC would provide grants to graduates of Illinois public postsecondary institutions who achieve a 4.0 GPA, live and work in Illinois for at least four years after graduation, and commit to living and working in the state for an additional year (or repaying the amount of the grant). The recipient would be eligible for up to \$6,000 in assistance per year (with a lifetime limit of \$30,000) to match payments made by the recipient towards the payment of federal or private student loans. The bill would authorize ISAC to prioritize applications on the basis of (1) timeliness of the application, (2) applicant's salary level, (3) amount of debt, (4) availability to the applicant of other loan repayment assistance, (5) length of employment in Illinois, and (6) prior participation in the program.

Creates the Student Loan Servicing Act
SB 1351 w/Senate Amendment (SA) #1 (Biss)

Passed the Senate Financial Institutions Committee; On Senate 2nd Reading

This initiative of the Illinois Attorney General would create the Student Loan Servicing Rights Act, consisting of four major components: a Student Loan Bill of Rights, a new Student Loan Ombudsman within the Attorney General's office, a requirement that the Illinois Department of Financial and Professional Regulation (IDFPR) license loan servicers, and a provision making violations of the act unlawful practices under the Consumer Fraud and Deceptive Business Practices Act.

The primary goals of the bill seem to be to ensure that borrowers receive accurate, timely information about their debts and repayment options, and to provide additional avenues for the State to take action against unscrupulous businesses that charge borrowers for services that are already available for free.

As a student loan guaranty agency in the Federal Family Education Loan Program, ISAC meets the definition of a servicer in the current language of this broad and detailed Act, as would any outside collection agencies that work on ISAC's behalf. The current language of the bill would subject ISAC staff who work on individual borrower accounts to a new licensing regime, including the payment of licensing fees and background checks. (The Attorney General's office has indicated a willingness to provide an exemption for ISAC in a subsequent amendment.)

ISAC staff are analyzing other potential effects of the bill on agency operations and may seek other amendments to the language. For example, additional changes may be desirable to resolve any conflicts with existing federal laws, to address unnecessary duplication of existing laws, or to avoid changes that could confuse, rather than benefit, borrowers. Staff expect to continue conversations with the sponsor and the Office of the Attorney General about how to support the bill's original goals in a way that allows ISAC to continue to fulfill its responsibilities in a cost-effective and reasonable manner.

ADDITIONAL SUPPORTS FOR LOW-INCOME STUDENTS

Identifying & informing students potentially eligible for SNAP

HB 3211 w/ HA #1 (Wallace)

Passed House as Amended by HA #1 (85-25-0)

This initiative of the Heartland Alliance for Human Needs & Human Rights is an attempt to connect more low-income students with services and programs that are already available but

about which they may not be fully aware. The bill would require ISAC to identify college students who are potentially eligible to receive Supplemental Nutrition Assistance Program (SNAP) benefits based on information reported on the FAFSA. Students potentially eligible for SNAP would be flagged in ISAC's secure online grant processing system. ISAC would also make an electronic notice available to institutions of higher education that includes college student SNAP eligibility criteria, the Application for Benefits Eligibility's website address, and the Illinois Hunger Coalition's Hunger Hotline. Illinois institutions that participate in MAP would be required to provide this notice to all students who are enrolled or accepted for enrollment and are flagged by ISAC as potentially SNAP-eligible. The bill does **not** require any institution of higher education to verify eligibility for SNAP, but it does say that those institutions "if possible, may designate a public benefits liaison or single point person to assist students in taking the necessary steps to obtain public benefits if eligible."

Illinois Higher Education Savings Program

HB 3691 w/HAs #1 & 2 (Gabel)

Passed House Higher Education Appropriations Committee as amended; On 2nd Reading in House

Under the Illinois Higher Education Savings Program established under this Act, the Treasurer would automatically establish, and would seed with a \$50 contribution, a 529 college savings account for each child born or adopted in Illinois. Children from households with incomes below 250% of the poverty line would also be eligible for matching contributions from the state of up to \$150 annually. The Illinois Department of Public Health would provide the Treasurer quarterly with data from Illinois birth records for each baby born in Illinois (strictly confidential and not subject to release under the Freedom of Information Act).

ACCESS TO FINANCIAL AID FOR UNDOCUMENTED STUDENTS & STUDENTS WITH CONVICTIONS

Access bill for undocumented students

HB 2394 (Hernandez)

Passed House Higher Education Committee; On 2nd Reading in House

Undocumented Illinois students who meet certain criteria are eligible for in-state tuition at public universities under current Illinois law. Under HB 2394, students meeting those criteria would also qualify for publicly-funded financial aid provided by public universities or the state, excluding MAP. The bill also prohibits public universities and ISAC from denying a scholarship, grant, or loan to a person who has been convicted of illegal possession or sale of cannabis,

controlled substances, or methamphetamine if he or she otherwise qualifies for the scholarship, grant, or loan. (ISAC does not currently deny assistance on the basis of any type of criminal conviction.)

ADMISSIONS PROCESSES AND PROCEDURES

Public University Uniform Admission Act

HB 230 w/HA#1 (Thapedi)

Passed House Higher Education Committee; On 3rd Reading in House

HB 230, modeled on Texas law, would require each public university to admit a first-time freshman applicant if the applicant graduated with a GPA in the top 10% of the student's high school graduating class and the applicant (1) graduated from an accredited public or private high school in this State and (2) successfully completed the minimum college preparatory curriculum requirements for admission to the university **or** achieved certain ACT/SAT scores indicating college readiness. (Provision is also made for Illinois residents graduating from a U.S. Department of Defense high school.) The children of fallen police, fire, and correctional officers would also be automatically admitted to public institutions under the bill as long as they met each institution's minimum requirements for admission. Among other provisions, ISAC would be required to coordinate with the universities regarding outreach to high school students potentially eligible for the automatic admissions program.

Prohibition on holds for money owed

SB 926 (E. Jones)

Assigned to Senate Higher Education Subcommittee on Public Higher Ed Admin Costs, Tuition, & Fees – Committee Deadline Extended to April 7, 2017

This bill, similar to one that was filed last year in reaction to concerns that student enrollment may be blocked if MAP grants were left unpaid, prohibits public universities and community colleges from refusing to enroll a student or withholding a transcript solely because the student owes the institution money.

MISCELLANEOUS COST REDUCTION EFFORTS

Tuition Reduction Act

HB 3447 (Welch) - *Passed House Higher Education Committee, On 2nd Reading in House*

SB 1897 (McGuire) - *Assigned to Senate Subcommittee on Public Higher Education Administrative Costs, Tuition, & Fees – Committee Deadline Extended to April 7, 2017*

These identical bills are an initiative of the Illinois Federation of Teachers (IFT) and would create a Tuition Reduction Act. Under the act, each public university that receives an increase in state appropriations above the 2015 level would be required to direct a portion of that increase to reduce the tuition of its full-time resident undergraduate students. While the introduced bill provides a specific formula, the House sponsor and an IFT spokesman reported to the House Higher Education Committee that they will attempt to revise the formula to satisfy university concerns. They did not discuss what that revised formula might include, but ISAC has noted that the introduced language does not actually constrain tuition and fee increases, and the tuition reductions in the bill would be distributed without respect to financial need.

REGULATING THE USE OF COLLEGE DEBIT AND PREPAID CARDS

Creates the College Debit and Prepaid Card Services Regulation Act

SB 929 (T. Cullerton)

Assigned to Senate Financial Institutions Committee – Committee Deadline Extended to April 7, 2017

Public and private post-secondary institutions in Illinois that participate in state or federal financial aid programs would be subject to this new Act if they contracted with third-party financial firms to disburse and manage financial aid refunds. Such institutions would have to review and approve contracts with third-party firms only after considering guidelines and policies established and recommended by the United States Consumer Financial Protection Bureau and the United States Department of Education. The Act would prohibit that contract from permitting revenue-sharing (in which the financial firm would pay the institution based on students' balances or account activity), fees for the initial disbursement of financial aid funds during a term, transaction fees for debits from the account, or fees for inactivity. The Act would also require the institution to publish the contract on its website.