

AGENDA ITEM 5.

STATE LEGISLATIVE UPDATE

Submitted for: Information

Summary: The Illinois General Assembly has begun to hold hearings to consider the Governor's proposed budget for State Fiscal Year 2016, which will begin July 1, 2015. At the same time, state legislators have introduced a number of bills and resolutions that, if approved, would affect Illinois students and families or the programs that the Commission administers. Many of these pertain specifically to the Monetary Award Program (MAP).

This item provides a synopsis of some of the budgetary and legislative action that is most noteworthy for ISAC thus far in the spring session.

Action requested: None.

ILLINOIS STUDENT ASSISTANCE COMMISSION

STATE LEGISLATIVE UPDATE

In Springfield, Governor Bruce Rauner and the new General Assembly members were inaugurated the week of January 12th, and legislators spent their first days adopting rules, picking offices, constituting committees, filling leadership roles, and filing bills. The House created several new committees this year, including a committee on Community College Access & Affordability and a Committee on Youth & Young Adults. In addition to new committees and new chairmen and minority spokesmen, the 99th General Assembly has brought with it an almost-entirely new roster of analysts for higher education and higher education appropriations.

Additional information is being provided separately regarding the efforts of Governor Rauner and legislative leaders to reach an agreement addressing shortfalls in the current year's budget (Fiscal Year 2015).

Meanwhile, hearings have also begun regarding the Governor's proposed FY16 budget. It is still early in the negotiations that will take place with the General Assembly throughout the next few months, but the proposed budget has both pros and cons for higher education.

Higher education as a whole would be cut under the Governor's FY16 proposal by about \$387 million, or about a 31% cut. Most of the cuts would affect the public universities and the grant programs that are administered by the Illinois Board of Higher Education. Total funding would be approximately level for community colleges in this budget.

As for ISAC, the Governor's proposal includes level funding for MAP in FY16. The other scholarship, grant and loan repayment programs that ISAC administers for students and student loan borrowers, such as the Minority Teachers of Illinois Program and the Nurse Educator Loan Repayment Assistance Program, were cut from a total of about \$11 million to about \$7.7 million, which is also a 31% cut. According to the Governor's Office of Management and Budget (GOMB), the cuts were achieved by assuming the elimination of the \$40,000 Illinois Scholars line (as requested by the Commission), a reduction of \$5,000 from the Veterans Home Nurse Loan Repayment Program, and the halving of the state appropriation for the Golden Apple Scholars of Illinois program. Instead, the \$7.7 million mentioned above would be appropriated in a lump sum for programs and administrative expenses, which technically would provide the Commission the flexibility to use those dollars to support outreach and training activities, as well. (The introduced budget does not include a separate funding line—which *was* part of the FY15 budget—for outreach, research, and training.) With a lump sum, the agency could allocate these dollars according to the Commission's priorities. Unfortunately, regardless of the flexibility afforded to the Commission, \$7.7 million would not be sufficient to maintain the same level of service and support to students and borrowers that is being provided in the current fiscal year.

In addition to the lump sum authority noted above, the introduced budget bills do preserve ISAC's authority to use two percent of the MAP appropriation for administration. However, the published budget does not include the **separate** funding lines that the Commission requested to explicitly support outreach or operations. Of course, the need to maintain authority for operations spending will be important for GOMB and the General Assembly to understand as the Federal Family Education Loan Program winds down and the need increases for the state to support ISAC services.

As for bills, many measures have been filed to affect financial aid, tuition policies, and more. Many of these are summarized below and arranged by subject area. **Please note that indications of status (e.g., "Senate Higher Education Committee") indicate the bill's position at the time of this writing and will change by the date of the Commission meeting.**

Illinois Student Assistance Commission

House Bill (HB) 3897 (Hammond – House Higher Education Committee)

This ISAC initiative would allow an ISAC Student Commissioner to receive an ISAC-administered grant, while prohibiting his or her status as a Commissioner from being taken into account when considering him or her for the awarding of a grant. Current law prohibits an ISAC Student Commissioner from receiving ISAC-administered aid while in office, effectively keeping from the Commission the very students who may bring the most valuable perspective to the board.

Monetary Award Program (MAP) grants

Senate Bill (SB) 1709 (Rose – Senate Higher Education Committee)

This bill would prohibit the award of MAP grants to students at for-profit higher education institutions, effective with the 2016-17 academic year. Students who are currently receiving grants at those schools would not be "grandfathered in" under the introduced bill; MAP recipients who did not complete degrees by the end of the 2015-16 academic year would need to find other funding resources, reduce their enrolled hours, or transfer.

SB 1710 (Rose – Senate Higher Education Committee)

Three minor MAP Task Force recommendations comprise SB 1710:

- 1) one year of MAP ineligibility for students who leave an institution for academic reasons
- 2) consultation with the state's association of student financial aid administrators on the MAP formula
- 3) improved and increased reporting by schools to ISAC to help evaluate MAP and demonstrate its effectiveness

The first of these provisions is the most controversial, although it reflects an enrollment pattern that is less likely than others to eventually result in a completed degree. As an example, if a student at the University of Illinois Urbana-Champaign is directed, as a result of poor grades, to leave campus for a time and is advised to spend time at Parkland College while bringing her grades up, she would be ineligible for MAP for her first year at Parkland. School officials have previously noted that this provision could be difficult to administer.

SB 1711 (Rose – Senate Higher Education Committee)

For dependent or “traditional” students, SB 1711 would limit MAP eligibility to four years, or the normal time required to complete the program if longer than four years. Notably, individuals are already subject to a 135 credit hour cap on MAP payments. Among the state's public universities, only one (UIUC) has a majority of students (66%) who graduate in four years. Excluding the flagship campus, only about 26% of Illinois public university students completed their bachelor’s degree programs in 100% of the published program time, according to a 2013 report from Complete College America. The bill therefore requires MAP recipients, who currently complete at the same rate as other students in the same school, to accumulate credits and complete at a rate that is significantly faster than other students.

SB 1712 (Rose –Senate Higher Education Committee)

The MAP-related bill that has attracted the most attention thus far has been SB 1712, which would require MAP recipients to live and work in Illinois for a minimum of five years following completion of an academic program, or else repay the full amount of MAP grant funding received within a period of 10 years at 5% interest (a rate higher than federal student loans disbursed in the current 2014-15 academic year), plus collection costs. A recent report from the Illinois Education Research Council (IERC) found that, among Illinois graduates from Illinois bachelor’s-granting institutions, about 92% worked in Illinois for some period of time after graduation.

HB 3534 (Golar – House Appropriations - Higher Education Committee)

MAP would essentially become an entitlement of eligible students under HB 3534, although it would not necessarily be available when needed. The bill provides that if a MAP applicant is eligible for a grant but not offered one due to insufficient appropriations for the Program, then the applicant is entitled to State reimbursement the *following* fiscal year in an amount equal to the grant amount he or she would have received had he or she been offered a grant. For context, in FY14 about 136,000 students received a grant, while another 165,000 were denied for lack of funds. The proposal highlights the importance of MAP and supports the principle that funding should be available for all eligible students in need, but the policy could prove difficult to implement and have difficult-to-rationalize outcomes unless there is also a significant boost in MAP funding at the same time.

HB 3742 (Jesiel – House Higher Education Committee)

This bill would authorize ISAC to deny, and direct ISAC to revoke, scholarship or grant assistance provided to a student who is convicted of a violent crime, regardless of when that crime was committed or whether any associated prison sentence has been completed. There is also no provision for cases in which a conviction is later overturned. Currently, background checks administered by the Illinois State Police cost from \$10 to \$16 per name.

HB 3770 (Scherer – House Appropriations - Higher Education Committee)

This appropriations bill would allocate \$466,568,200 to MAP for FY16.

HB 3972 (Hammond – House Higher Education Committee)

A reaction to the finding of the MAP Task Force that MAP completion rates could be improved if there is increased, effective advising, HB 3972 would require each MAP recipient to agree to meet with a higher education institution's academic and financial advisors twice a semester.

HB 3974 (Phillips – House Higher Education Committee)

Beginning with the 2016-17 school year, freshman dependent students would be required to have a GPA of at least 3.0 on a 4.0 scale or an ACT score of 18 to qualify for MAP. Conversations with a representative of his local community college convinced the sponsor not to pursue this bill. He may, however, amend it to offer a different proposal.

Other Financial Aid Programs

SB 1749 (Morrison – Senate Assignments Committee)

This appropriations bill would appropriate \$500,000 in FY16 to ISAC for the Child Welfare Student Loan Forgiveness Act. The program, which has never been funded, was intended to provide assistance for individuals who commit to work with the Department of Children and Family Services or a contracting agency.

HB 1397 (Jones – House Higher Education Committee)

One of two efforts to re-establish the General Assembly Scholarship, SB 1397 would again allow each member of the General Assembly to designate several people from his or her district each year to receive a tuition and fee waiver for an Illinois public university. A member could, at his or her discretion, delegate selection authority to ISAC, while also dictating the criteria for ISAC to use in awarding the scholarships. The potential would technically exist under HB 1397 for ISAC to be charged with running 177 different programs for legislators.

HB 3258 (Arroyo – House Higher Education Committee)

This bill would also re-establish a program akin to the GA Scholarship, creating a new Legislative Scholarship Program administered by ISAC. This program would be run by a task force of 20 legislators staffed by ISAC, awarding eight scholarships per representative district each year.

HB 3577 (Rita – House Higher Education Committee)

Under HB 3577, ISAC would administer a new grant program for students enrolled in training that would “lead to certification to work as a medical assistant in the Roseland Community Medical District.” Under the introduced bill, grants could cover up to the full cost of tuition, and the recipient need not necessarily be an Illinois resident. ISAC would be permitted to consider applicants' financial need in making awards. Payment of grants would be subject to appropriation of funds by the General Assembly. Notably, programs that train medical assistants can be found at both MAP-approved community colleges and for-profit institutions that are not MAP-approved, such as Everest, Kaplan, Vatterott, and Midwest Technical Institute. A credit hour in the City Colleges of Chicago program costs about \$89 for a city resident; a credit hour at Kaplan costs more than \$370 per credit hour.

House Resolution (HR) 135 (Ford – House Higher Education Committee)

HR 135 urges the boards of trustees of every public university to adopt a program that provides housing scholarships to college students that are registered as homeless and to include funding for this program in their appropriations requests to the General Assembly.

HB 143 (Andrade – House Revenue & Finance Committee)

HB 143 creates a voluntary tax check-off to facilitate private contributions for the Illinois DREAM Fund. The Fund is intended to provide grant assistance to Illinois students who are the children of immigrants, particularly those who lack access to publicly funded assistance because they lack citizenship documentation.

Student Loan Tax Deductions

HB 402 (Franks), HB 1347 (Evans), and HB 3437 (Evans) (All House Revenue & Finance Committee)

Several bills would create a tax deduction for student loan payments not already subject to a federal tax deduction. Although it contained a drafting error, HB 1347 was intended to make a new deduction available only to individuals earning below a cap of \$75,000 per individual or \$155,000 per couple.

HB 2943 (Brown – House Revenue & Finance Committee)

This bill would extend the state tax deduction that is currently available only for in-state plans to also cover contributions to other states' 529 programs. Now, that deduction applies only to contributions made to an in-state 529 plan: College Illinois! or Bright Start/Bright Directions.

Tuition Waivers for University Employees

HB 403 (Franks – House State Government Administration Committee)

This bill would repeal provisions that permit the children of employees of a State university who have been employed by one or more state universities for an aggregate period of at least 7 years to receive a 50% tuition waiver. With House Amendment #1, students currently enrolled and using the waivers could continue to do so, but no new waivers could be granted.

HB 2524 (Tryon – House Revenue & Finance Committee)

Rather than repealing the waivers mentioned above, HB 2524 would make them taxable (to the extent that they are not already) and direct the proceeds into the MAP Reserve Fund.

HB 2528 (Tryon – House State Government Administration Committee)

Under this bill, a university would be prohibited from entering into a contract or agreement that offers its employees or contractors tuition waivers, grants, scholarships, or any other higher education benefits for the children, spouses, or other family members of the employees or contractors.

New Higher Education Finance Concepts / Tuition Policies

HB 1311 (Franks – House Revenue & Finance Committee)

This bill creates the Pay It Forward, Pay It Back Act and establishes, for five academic years, a program to provide loans to 400 eligible students per academic year (for a total of 2,000 students) to attend a public community college or university, to be repaid, in part, according to the income of the student borrowers. These loans would be in lieu of being charged tuition and mandatory fees at the time of enrollment. The Department of Revenue would be required to implement and administer the program.

The program described by the introduced bill bears little resemblance to programs described in ISAC's recent report on "PIF."

HB 2540 (Tryon – House Higher Education Committee)

HB 2540 would create the University Student Fee Act, reducing public university tuition and fees to \$103/credit hour. Beginning with the 2018 fiscal year and each fiscal year thereafter, the resident undergraduate tuition per credit hour would increase at the beginning of each fall semester at a rate equal to inflation. The Board of Higher Education or the Board's designee could establish tuition for graduate and professional programs and out-of-state fees for all programs. Notably, the \$103 cost per credit hour is actually lower than the cost charged at some Illinois community colleges, which also receive a property tax subsidy that is not available to public universities.

HB 3528 (Acevedo – House Higher Education Committee)

This bill is intended to provide access to publicly funded student financial aid, like the need-based MAP grant and grants provided by universities, for Illinois students who are undocumented but are already eligible for in-state tuition at our state's public universities because they attended and graduated from Illinois high schools. The introduced bill also affects active military stationed in Illinois, their dependents, and veterans using Post-9/11 GI Bill benefits.

HB 3741 (Demmer – House Higher Education Committee)

This bill would create a Baccalaureate Degree Pilot Program with the goal of establishing three regions in the state where tightly coordinated articulation agreements between educational institutions (high schools, community colleges, and public universities) would make it possible for a student to achieve a bachelor's degree for under \$10,000.

SB 1565 (B. Brady – Senate Assignments Committee)

Effective FY16, SB 1565 would convert **all** Illinois higher education funding into need-based grants, with no funding provided directly to institutions. The grants would be available only to students in financial need who are enrolled for at least 15 credit hours in an institution of higher learning. Each grant recipient would be required to sign an agreement that: (1) if the recipient graduates from an institution in 4 years or less, he or she must repay one-half of the total amount of grants received; (2) if the recipient does not graduate from an institution in 4 years or less, he or she must repay the total amount of grants received; and (3) if the recipient resides in this state immediately following graduation from an institution, the Commission shall forgive, for each year of residency, one-eighth of the remaining grant amount owed.

Military Issues

HB 3692 (Cloonen - Anthony – House Higher Education Committee)

The bill would require that veterans using VA-administered federal education benefits be charged in-state tuition rates, regardless of a veteran's actual state of origin. The federal VA has reviewed the bill and found that it would bring Illinois institutions into compliance with a new federal law; under that law, schools that do not provide in-state rates would be barred from receiving future federal educational benefits for veterans.

HB 3476 (Chapa LaVia – House Higher Education Committee)

Under HB 3476, ISAC would administer a new program of public university tuition waivers for the children of wounded military personnel.

HB 3854 (Costello – House Higher Education Committee)

The bill would extend to one year (currently 6 months) the time within which a veteran must establish residency in Illinois after an honorable discharge from the military to qualify for the Illinois Veteran Grant (IVG).

HB 3956 (Davidsmeyer – House Higher Education Committee)

HB 3956 would require public universities and community colleges to waive fees for sending or receiving transcripts for each veteran and each member of member of the Armed Forces, Reserves, or the Illinois National Guard who resides in Illinois and has been admitted to the institution.

SB 1818 (McGuire – Senate Higher Education Committee)

The bill amends the law governing the tuition waiver program for children of veterans and the University of Illinois, removing Civil War and WWI and adding the siege of Beirut and conflict in Grenada to the list of conflicts for which a veteran's service would result in a dependent's becoming eligible for a scholarship. Under the bill, up to three children of veterans could receive the waiver annually from each Illinois county. (Currently, one grant may be offered for each of six periods of conflict.)

Other Higher Education Issues

HB 2529 (Tryon – House Higher Education Committee)

Under this bill, each public university would be required to report to the Illinois Board of Higher Education an analysis of the costs of making four popular degree programs available online. The IBHE would use these reports and existing data to evaluate probable student outcomes for online degree plans identified by the universities, resulting in a report on the topic.

HB 3196 (Chapa LaVia – Elementary & Secondary Education Committee)

The product of inter-agency discussions in conjunction with Advance Illinois and the Education Systems Center at Northern Illinois University, this bill would create the Postsecondary and Workforce Readiness Act. The bill would establish advisory committees from the State Board of Education, Illinois Community College Board, Board of Higher Education, and Illinois Student Assistance Commission ("Appointing Authorities") to deliver recommendations concerning competency-based high school graduation requirements, student readiness for college-level instruction, and early college credit. The State agencies participating in the Illinois Pathways Interagency Committee would also establish advisory committees to deliver recommendations concerning career pathway endorsements and awareness, advising, and planning for postsecondary education and careers. The bill would also require collaboration among the agencies in the development of common administrative rules; support systems (including to improve FAFSA completion) for school districts, postsecondary institutions, educators, students, and families. The bill also amends the School Code to make changes concerning consumer education and required high school courses.

HB 4132 (Golar - House Rules Committee)

The bill would require public universities to grant course credit to any student receiving a score of 3 or higher on an Advanced Placement exam. A score of 4 or higher would entitle the student to credit to meet a corresponding course requirement for a particular major at that public university.

House Joint Resolution (HJR) 11 (Gordon-Booth – House Elementary & Secondary Education: School Curriculum & Policies)

The resolution would create the Advisory Committee on Education and Workforce Alignment to make recommendations for better aligning curriculum and workforce needs at the secondary and post-secondary levels.

HJR 35 (D. Brady – House Rules Committee)

This resolution would affirm that community colleges play a dynamic and essential role in driving the economy and workforce of the State.

SB 775 and SB 776 (Connelly – Senate Judiciary Committee)

These bills would prohibit the operators of Internet websites, online services, online applications, or mobile applications used primarily for K-12 or higher education purposes from knowingly using the information provided to that site for advertising purposes, selling students' information, or otherwise disclosing a student's information without his consent (or that of a parent or legal guardian for K-12 students).

SB 806 (Kotowski – Senate Higher Education Committee)

Under the Student Transfer Achievement Reform Act created by this bill, community colleges would develop “associate's degrees for transfer” that, if completed, would guarantee the student junior status at a state university. The community college student would be required to first (1) complete 60 semester units or 90 quarter units that are eligible for transfer to a State university and (2) obtain a minimum grade point average of 2.0 on a 4.0 scale. The bill would require universities to give priority admission, with junior status, to local community college students who meet those requirements.

SB 1393 (Bennett – Senate Assignments Committee)

This bill would provide grants to high schools to enroll students in career and technical education (CTE) programs and encourage them to complete those programs. The State Board of Education and Illinois Community College Board would annually confer to (i) identify industries and occupations within this state that face workforce shortages; (ii) notify school districts of these identified industries and occupations; and (iii) approve industry-recognized certification programs designed to mitigate workforce shortages.

SB 1609 (McCarter – Senate Higher Education)

The bill would define “religious institutions” and exempt them from requirements imposed on degree-granting institutions under the Private Business and Vocational Schools Act of 2012, the Private College Act, and the Academic Degree Act. The bill would broaden current exemptions that currently apply to any institution devoted *entirely* to the teaching of religion or theology. The bill exempts religious institutions from the educational requirements and standards contained in the Private College Act, Academic Degree

Act, and associated administrative rules. The bill follows a controversial measure last year in which a religious educational institution sought authority to call its certificates of completion “degrees” without complying with the standards required for other institutions to do the same.

SB 1621 (McGuire – Senate Higher Education Committee)

SB 1621 would separate the Illinois Community College Board and the community college system from many of the data collection, oversight, and coordination functions of the Illinois Board of Higher Education. Among other functions, the IBHE currently reviews and approves units of instruction at community colleges, as well as plans for some capital improvements and budget proposals.