

AGENDA ITEM 5.

STATE LEGISLATIVE UPDATE

Submitted for: Information

Summary: The Illinois General Assembly has completed the bulk of its work for the spring 2012 legislative session, including the approval of bills making appropriations for State Fiscal Year 2013, which will begin July 1, 2012. State legislators also considered a number of bills and resolutions that, if approved, would affect Illinois students and families, the programs that the Commission administers, or the agency itself.

This item provides a synopsis of noteworthy budgetary and legislative action taken this spring.

A table detailing anticipated FY13 state appropriations for ISAC-administered gift assistance programs follows the synopsis, as does the text of a resolution establishing a task force on the Monetary Award Program (MAP).

Action requested: None

STATE LEGISLATIVE UPDATE

The Illinois General Assembly has completed the bulk of its work for the spring legislative session, including the approval of a budget for state fiscal year 2013.

In presenting his budget proposal in February, Governor Quinn acknowledged that legislators' flexibility would be limited by major pressures from the state's Medicaid and pension systems, and he called for legislators to stay in Springfield beyond their scheduled adjournment date if bipartisan working groups could not address a \$2.7 billion shortfall in Medicaid and agree on reforms to reduce future pension liabilities. With a Medicaid agreement reached, the Governor and legislative leaders continue to negotiate how to address the state's growing unfunded pension liabilities. However, most matters relating directly to ISAC or ISAC-administered programs appear to be resolved for now, including FY13 funding levels.

Debating the budget, several legislators argued against cuts to the need-based Monetary Award Program (MAP), which was funded at \$371,309,400 in the FY13 higher education budget (**Senate Bill 2443**, Kotowski/Madigan – Passed Both Houses). This is a reduction of nearly \$15.4 million compared to initial FY12 levels, despite record demand in the state for need-based student assistance. While MAP funding was subjected to this 4% cut, an even greater percentage (about 6%) was cut from public universities and the community college system.

In total, the higher education budget for FY13 amounts to approximately \$1.9 billion, down from about \$2.1 billion in FY12. The state's total general funds budget for FY13 is about \$33.7 billion, up from about \$33.2 billion in FY12, with the difference mainly attributable to increases in funding for the state's pension systems.

While the budget for FY13 appears to be largely set, some State Senators made attempts in the final hours of the legislative session to supplement what they considered to be inadequate spending on education. Although their proposals have not been approved by both chambers, the Senate Democrats have advanced measures to increase MAP funding, and these remain in the General Assembly. The measures include a supplemental appropriations bill, **Senate Bill 2365** (Steans/Madigan – Passed Senate and sent to House), that would reverse the \$15.4m cut to MAP. In addition, the Senate sponsor of the gaming expansion bill filed a "trailer" bill that would reserve \$75 million from gaming revenue proceeds for MAP annually (**SB 3925**, Link – Senate Committee on Assignments) if the Governor approves the gaming expansion bill. If the Governor vetoes the gaming bill during the summer, it would be expected to return—perhaps with SB 3925's additional provisions—during the fall veto session.

A table detailing FY13 state appropriations for ISAC-administered gift assistance programs, as approved in SB 2443, is attached.

Other measures of interest to ISAC, approved by the General Assembly, are summarized below.

- ⤴ **MAP ELIGIBILITY TASK FORCE:** Legislators have discussed a number of potential changes to the Monetary Award Program, including an expansion of eligibility to additional for-profit schools and a set-aside of funds for late applicants, community college students, or independent students. Rather than approving any of these proposals, both chambers adopted **Senate Joint Resolution 69** (Maloney/Biss - Pritchard) to create a task force that will deliberate options for the adoption of new rules for the Monetary Award Program, with the goal of improving the outcomes for students who receive the grants. While the resolution requires the task force to report findings to the General Assembly by January 1, 2013, it also notes that any new eligibility criteria for MAP should not be made effective prior to the FY15 budget. The task force will be chaired by the Executive Director of ISAC, and agency staff will provide administrative and other support. The text of the resolution follows this report.

- ⤴ **COLLEGE ILLINOIS!® PREPAID TUITION PROGRAM TRANSPARENCY:** Two measures were approved regarding the administration of the College Illinois! Prepaid Tuition Program. Under **House Bill 3923** (Durkin/Murphy – Passed Both Houses), the Open Meetings Act would no longer authorize closed meetings to be held to consider the investment of assets or income of funds of the Illinois Prepaid Tuition Trust Fund. **HB 4116** (Durkin/Dillard - Passed Both Houses) began as a bill to subject the Prepaid Tuition Trust Fund to the Public Funds Investment Act but was amended to instead require members of the College Illinois! investment advisory panel to file annual, verified, written statements of economic interest with the Secretary of State. The Illinois Prepaid Tuition Act already mandates that each member of the panel file such statements before being installed as a member of the panel.

- ⤴ **RECOVERY OF STATE LOAN DEBT: Senate Bill 3800** (Maloney/Durkin – Passed Both Houses) would allow ISAC to more efficiently collect some of the approximately \$30 million in delinquent, uncollected student loan debt that is currently owed to the state, while still providing protections for borrowers. Using administrative wage garnishment, which the agency currently uses to collect overdue *federal* student loans, ISAC would be required to give the borrower written notice at least 30 days before beginning garnishment, allowing the borrower an opportunity either to enter into a payment arrangement or to contest the amount and existence of the debt before garnishment occurs. The agency will also abide by federal regulations that prohibit creditors from garnishing wages in excess of 15% of the borrower’s disposable income, along with guaranteeing the borrower’s right to receive a hearing concerning the debt upon request. Absent this garnishment authority, the agency’s alternative would be to take each delinquent borrower to court, which is both costly for the agency and potentially damaging to the borrower’s credit.

- ⤴ **GA SCHOLARSHIPS AND TUITION WAIVER TASK FORCE:** Under current law, each member of the General Assembly may offer two four-year scholarships per year at the state's public universities. In FY11, universities reported waiving a total of about \$13.5 million on behalf of about 1,300 recipients. Recipients must be residents of the awarding legislator's district, but each member has his or her own criteria and processes for awarding the scholarships. The broad latitude given to legislators in awarding the scholarships has received significant scrutiny, and the Governor and others have advocated abolishing the program. **HB 3810** (Crespo/Cullerton – Passed Both Houses) would end GA scholarship nominations as of September 1, 2012. It would also create a Tuition and Fee Waiver Task Force, consisting of two members appointed by each legislative leader, to conduct a review of all tuition and fee waiver programs offered by public institutions of higher education. The task force must report to the General Assembly by April 15, 2013.

- ⤴ **USE OF UNIVERSITY FUNDS FOR HIRING SEARCH FIRMS:** **HB 5914** (Rose/Righter – Passed Both Houses) prohibits universities from paying an external hiring search firm except (i) in the hiring of the president of a university or (ii) in the case of when the president of the university and the board of trustees demonstrate a justifiable need for guidance from an individual or firm with specific expertise in the field of the hiring. The bill is a response to concerns about universities paying search firms from taxpayer or tuition-payer dollars when hiring new employees.

- ⤴ **DCFS SCHOLARSHIPS:** **SB 2818** (Hunter/Howard – Sent to Governor) is an initiative of the Department of Children and Family Services (DCFS) that makes technical changes to an existing program of scholarships and fee waivers for youth who have been under DCFS care. Under the bill, DCFS could make awards to youth who have earned a high school diploma or a certificate of general education development (GED), or who have met the State criteria for high school graduation. (Current law requires that the student “completed four years in an accredited high school.”) The bill also clarifies that youth who aged out of care at age 18 or older are still eligible for assistance under this program. The changes are minor, but DCFS believes that they are advisable to ensure that students will not be prevented from getting help through the DCFS scholarship program because of a lack of precision in the law. ISAC is not involved in the administration of this scholarship.

- ⤴ **COLLEGE AND CAREER READINESS:** **SB 3259** (Lightford / Chapa LaVia – Passed Both Houses) creates the Commission for High School Graduation Achievement and Success to study the issue of high school graduation in this State, with the goals of increasing educational attainment, increasing high school graduation rates, and ultimately improving the workforce in this State. In particular, the group will examine the practices, effectiveness, and funding for alternative schools, including truancy alternative schools, dual credit programs, and the Illinois Pathways Initiative. The Commission will be required to submit a final report of its findings and recommendations to the Governor and the General Assembly on or before November 1, 2012.

- ⤴ **OPEN MEETINGS ACT:** **HB 4687** (Pihos/Dillard - Passed Both Houses) would amend

the Open Meetings Act to mandate that any required agenda must set forth the general subject matter of any resolution or ordinance that will be the subject of final action at the meeting. The public body conducting a public meeting would also have to ensure that at least one copy of any notice and agenda for the meeting is continuously available for public review during the entire 48-hour period preceding the meeting. Posting of the notice and agenda on a website that is maintained by the public body would satisfy this requirement. The bill also states that if a notice or agenda is not continuously available for the full 48-hour period due to actions outside of the control of the public body (e.g., a problem with the public body's Internet service provider), then that lack of availability does not invalidate any meeting or action taken at a meeting.

**FY 2013 STATE APPROPRIATIONS FOR
ISAC-ADMINISTERED GIFT ASSISTANCE PROGRAMS**

SB 2443 (Passed Both Houses)

<i>Grant or Loan Repayment Program</i>	<u>Appropriation (\$ in thousands)</u>	
	<u>FY 2012</u>	<u>FY 2013</u>
<u>STATE GENERAL FUNDS</u>		
Monetary Award Program	\$386,680.0	\$371,309.4
Illinois Future Teachers Corps/Golden Apple Scholarships *	\$2,000.0	\$0.0
Golden Apple Scholars of Illinois (Separate line beginning FY13) *	-	\$4,900.0
Illinois Scholars Program *	\$3,160.0	\$40.0
Minority Teachers of Illinois Scholarships	\$2,500.0	\$2,500.0
Student to Student Grants	\$0.0	\$0.0
Dependents ("Line of Duty") Grants	\$950.0	\$1,050.0
Illinois National Guard Grants	\$4,400.0	\$0.0
Illinois Veteran Grants	\$6,000.0	\$0.0
Bonus Incentive Grants	\$325.0	\$0.0
Illinois Incentive for Access Grants	\$0.0	\$0.0
Nurse Educator Loan Repayment Program	\$300.0	\$300.0
Veterans' Home Nurse Loan Repayment Program	\$50.0	\$30.0
Teacher Loan Forgiveness Program	\$500.0	\$500.0
TOTAL	\$406,865.0	\$375,729.4
<u>SPECIAL STATE FUNDS</u>		
Higher Education License Plate Program	\$80.0	\$90.0
Optometric Education Scholarship Program	\$50.0	\$50.0
Illinois Future Teachers Corps Scholarship Fund	\$60.0	\$60.0
ING- National Guard Grant Fund	\$20.0	\$20.0
TOTAL	\$210.0	\$220.0
TOTAL STATE** FUNDS	\$407,075.0	\$375,949.4

** By statute, no awards will be made through the IFTC program in FY13 or beyond. General funds will instead be directed to Golden Apple, which previously received state general funds through both the IFTC line and the Illinois Scholars pass-through line. In SB 2443, the FY13 general funds for Golden Apple's teacher education program have been consolidated into one line.*

*** State spending authority of up to \$500,000 was also approved for the federal John R. Justice Student Loan Repayment Program, which ISAC administers for Illinois. The actual amount expected to be allocated to Illinois is \$81,134.*

TEXT OF SENATE JOINT RESOLUTION 69

WHEREAS, The State's Monetary Award Program (MAP) is one of the largest and most successful need-based, student financial aid program [*sic*] in the United States; and

WHEREAS, The award size of MAP grants and their historic, student-focused nature have enabled students of need to attend the college or university that best suits their educational needs; and

WHEREAS, MAP grant recipients are able to achieve their potential through education, something that our State holds in the highest value; and

WHEREAS, MAP grants are limited in the amount of funds that can be appropriated for them each fiscal year, and the General Assembly and Governor are seeking additional ways to improve the performance of these grants by asking more of the grant recipients and the institutions they choose to attend; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that the Illinois Student Assistance Commission shall convene a task force to deliberate options for the adoption of new rules for the Monetary Award Program (MAP), with the goal of improving the outcomes for students who receive these awards; and be it further

RESOLVED, That the task force shall include without limitation the following:

- (1) one representative of Illinois public universities;
- (2) one representative of Illinois public community colleges;
- (3) one representative of Illinois non-profit, private colleges and universities;
- (4) one representative of Illinois proprietary institutions;
- (5) one representative of an association of financial aid administrators;
- (6) one student who is currently receiving a MAP grant;
- (7) one representative of the Illinois Community College Board;
- (8) one representative of the Board of Higher Education;
- (9) one representative of the Office of the Lieutenant Governor; and
- (10) the Executive Director of the Illinois Student Assistance Commission, who shall serve as chairperson of the task force, and one other representative of the Illinois Student Assistance Commission; and be it further

RESOLVED, That members of the task force shall be appointed by the Executive Director of the Illinois Student Assistance Commission; and be it further

RESOLVED, That the members of the task force shall serve without compensation but shall be reimbursed for their reasonable and necessary expenses from funds available for that purpose; and be it further

RESOLVED, That the Illinois Student Assistance Commission shall provide administrative and other support to the task force; and be it further

RESOLVED, That the task force shall hold public meetings and seek input from students and additional stakeholders; and be it further

RESOLVED, That the new rules should be created with the following goals:

(1) to improve the partnerships between this State and institutions as they provide both financial assistance and academic support to MAP recipients;

(2) to improve the overall effectiveness of MAP grants in helping students of need not only enter college, but to complete a degree program; and

(3) to recognize that all colleges and universities are different, and the different natures of their student populations and their varying missions must be recognized as inherently good and valuable; and be it further

RESOLVED, That these new rules should be designed so that they do not alter, nor have an adverse impact on, an institution's mission; and be it further

RESOLVED, That the deliberations should include the following concepts:

(1) institutional eligibility for MAP grants may, in the future, become based in part on an institution's ability to improve its MAP-grant students' progress towards a degree or its MAP-grant degree completion rate;

(2) a student's eligibility for a MAP grant may, in the future, become based in part on that student's ability to demonstrate that he or she is achieving academic success and making progress; and

(3) an institution's eligibility for MAP grants may, in the future, become based in part on its ability to demonstrate that it is a partner with this State and the institution is providing financial aid to students from its own resources; and be it further

RESOLVED, That to provide adequate time for the creation and implementation of new measurement and performance systems, the new systems should not become eligibility criteria for MAP funds prior to the Fiscal Year 2015 budget; and be it further

RESOLVED, That the task force shall complete its work and report its findings and recommendations to the General Assembly no later than January 1, 2013; and be it further

RESOLVED, That a suitable copy of this resolution be delivered to the Executive Director of the Illinois Student Assistance Commission.