

AGENDA ITEM 6.

STATE LEGISLATIVE UPDATE

Submitted for: Information

Summary: Despite the on-going lack of a budget for State Fiscal Year 2016, the Illinois State Senate has begun to hold hearings to consider the Governor's proposed budget for Fiscal Year 2017, which will begin July 1, 2016. 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.

This item highlights some of the budgetary and legislative action that is most noteworthy for ISAC as the General Assembly nears the halfway point of its spring calendar. Topics include proposals to change student and institutional eligibility requirements for MAP, creative attempts to address challenges that students and institutions are experiencing because of the budget delay, and small changes to ISAC-administered programs.

Action requested: None.

ILLINOIS STUDENT ASSISTANCE COMMISSION

STATE LEGISLATIVE UPDATE

While the General Assembly and Governor have authorized most state spending from federal funds—including the agency’s ability to pay operating expenses from the Student Loan Operating Fund and authority to pay lenders’ claims for the defaulted loans that ISAC guarantees—the state still has not finalized a comprehensive budget for State Fiscal Year 2016, which began July 1, 2015.

Most of the state’s expenditures for FY 2016 are already being paid under court orders or other forms of spending authority that do not require an appropriation. However, the same cannot be said for higher education or for a variety of social services that support vulnerable people (e.g., disabled adults, low-income seniors, autistic children, rape victims, and individuals struggling with addiction).

The Governor has vetoed the higher education funding bills that have been approved by the General Assembly, and the legislature has failed to override those vetoes. As of this writing, the House and Senate have approved separate, new appropriations bills that would fund public universities and community colleges and would fund MAP at an increased level (\$397 million), but neither bill has passed both chambers, and neither would fund other ISAC-administered grant programs.

The agency remains, for now, unable to award any grants funded by state dollars, including the MAP grant. The Governor and legislators on both sides of the aisle have publicly praised MAP and decried the negative effects that the budget delay has had on higher education, but no resolution appears evident at this point.

Despite the lack of a FY16 budget, the Illinois Senate has held appropriations hearings for the FY17 budget on a normal schedule. Appropriations committee members have been treated to a litany of stories about the hardships befalling students and post-secondary institutions, particularly public institutions that have cautioned that they are losing current and prospective students due to financial instability. In ISAC’s appropriations hearing, Director Zarnikow highlighted the agency’s concerns that a failure to fund MAP and other grants is undercutting the trust in—and the effectiveness of—a financial aid system that has been built over nearly fifty years among students, institutions, and the state.

For FY17, the Governor has proposed nearly \$365 million for MAP (the final FY15 level); \$1 million to support Agency Operations; \$3.2 million to support Outreach and Training; and funding for other grant programs at levels that support the same level of service provided in FY15. Golden Apple is the exception; that program’s funding would be cut in half.

At this point, legislators and observers have begun to speculate openly that the scheduled end of session on May 31st could pass without a resolution on either a FY16 budget or a FY17 budget.

The continuing absence of a budget for FY16 continues to overshadow efforts to implement new policies, invest in effective programs, or even maintain prior levels of state services to Illinoisans. At this point, no new legislation related to higher education or ISAC-administered programs has made it through the General Assembly—although many bills have been filed.

When the General Assembly returns to Springfield in April, the following higher education-related measures could be among those considered:

- A number of legislators have introduced creative bills to **address the continuing delay in FY16 MAP grants and funding for public postsecondary institutions**. Those include a proposal to allow counties to lend money to community colleges ([HB 4960](#)), a bill to allow the State Treasurer to provide no-interest loans to students to cover what should be paid by MAP ([HB 5909](#)), and a bill that would establish what is known as a continuing appropriation for MAP in statute ([HB 5669](#)), meaning that MAP claims could be paid even if a budget bill for the year has not yet been approved. Another introduced bill would prevent public universities and community colleges from blocking student enrollment or withholding transcripts due to unpaid bills, regardless of the reason the student has not paid ([SB 2941](#)).
- Two bills would **change the way in which MAP is awarded**: [SB 2401](#) would limit traditional students to four years of MAP eligibility, a more restrictive requirement than the current limit of 135 credit hours. [SB 2405](#) would end the practice of providing MAP grants for students at the limited number of for-profit institutions that are MAP eligible, even for students who have already begun their programs. Both of these bills have been sent to a subcommittee and have not been discussed or received a vote.
- **Undocumented Illinois students enrolled at public universities** would benefit from [SB 2196](#) or [HB 4350](#), which would allow students meeting certain criteria to receive publicly-funded student assistance, with the exception of MAP.
- [SB 2526](#) would rename the Veterans' Home Nurse Loan Repayment Program as the **Veterans' Home Medical Providers' Loan Repayment Act** and allow physicians and certified nursing assistants (in addition to nurses) to qualify.
- [SB 3119](#) would allow **Minority Teachers of Illinois** grants to be issued to already-certified teachers who are seeking additional credentials or Master's degrees in their academic fields. ISAC initiated this bill as a result of receiving multiple questions from applicants and teachers, as well as suggestions from members of the P-20 Council. These colleagues cited the challenges faced by high schools that want to offer dual credit but lack appropriately-degreed teachers.
- [SB 2236](#) would remove ISAC's authority to revoke or suspend **defaulted borrowers' professional licenses**.
- [HB 6302](#) is an ISAC initiative that would expand the list of **eligible institutions for the College Illinois! Prepaid Tuition Program** to include all schools that are considered eligible educational institutions under Section 529 of the federal Internal Revenue Code. Contract-holders would benefit from slightly increased flexibility in where they could use their benefits, and program administration would be streamlined.
- The Governor's Office has put forth a broad **procurement reform** measure ([SB 2400](#) and [HB 4644](#)) that, among other changes, would provide an exemption from the Procurement Code for goods and services purchased with the private funds of College Illinois!.

- Under [HB 5729](#), the Postsecondary and Workforce Readiness Act, the state education agencies would develop **model programs, professional development, and other supports for school districts** to use in ensuring that all students have the opportunity for career exploration, as well as to reduce the need for remediation, explore competency-based learning assessments, and improve students' understanding of college financial aid.
- Two bills ([HB 3258](#) and [HB 5256](#)) would create new versions of the **General Assembly Scholarship Program** and rely on ISAC to help administer them, although legislators would determine the criteria for awarding and would even have the opportunity to determine which students' applications could be considered. Each of these proposals calls for eight scholarships to be granted per legislative district; neither would require recipients to demonstrate financial need.
- Other proposals include the creation of a permanent inter-agency **college affordability board** (staffed by ISAC) to annually recommend innovative policies to improve affordability ([HB 5566](#)), enhancements to **articulation agreements** that ensure the transfer of credits between institutions ([HB 6077](#)), and efforts to **standardize university admissions criteria** ([HB 5991](#)) and encourage colleges to accept **credit for prior learning** or **military studies** ([HB 6069](#) and [SB 3305](#)). [SB 3118](#) would require a portion of any university appropriation increase to go towards **tuition reduction**, while [SB 2170](#) would make a public university's authority to raise tuition and fees contingent on first **reducing administrative costs** by 25%, year after year.

As of this writing, it is difficult to predict which of these bills, if any, will be passed by the General Assembly and signed into law by the Governor. In addition, any of the bills may be significantly amended and changed as they work their way through the process.