

**AGENDA ITEM 5.**

**STATE LEGISLATIVE UPDATE**

**Submitted for:** Information

**Summary:** This item describes noteworthy developments in the state legislature since the Commission's September meeting, including updates on vetoed bills and new legislation.

**Action requested:** None

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### **BILLS AND RESOLUTIONS VETOED BY THE GOVERNOR**

The Governor vetoed two bills that Commission staff has been tracking this year. During the first week of the fall Veto Session, legislators began the process to override one of these vetoes and filed new legislation to incorporate the Governor's suggestions on the other. The second week of the Veto Session is scheduled for November 7-9.

- **Creates the Student Loan Servicing Rights Act**

**SB 1351 (Biss/Guzzardi)** – *Senate overrode veto (37-19-0); Override motion on House calendar*  
ISAC and its agents are exempt, along with other state guaranty agencies, from this initiative of the Illinois Attorney General. The bill 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.

In his veto message, the Governor called the intent of the measure "laudable" and referred to recent decisions by the U.S. Department of Education that have caused concern. However, he also argued that this specific bill "would add confusion to the already complex student loan process" and would encroach on federal responsibilities. (For example, the bill gives IDFPR the authority to suspend or revoke a servicer's license to work in Illinois, but it does not explain what would happen to a borrower whose servicer has a license revoked. Where would payments be sent? What authority would IDFPR have to manage the transfer of loans when those loans are assigned to servicers by the federal government?) The Governor criticized the idea of an Illinois-specific licensing scheme for federal student loan servicers and asserted that non-profit counselors could do better than servicers or a new ombudsman in helping borrowers to understand their repayment options.

The initial House vote in favor of the bill was 63-48-1, short of the three-fifths majority needed to override a veto.

- **Connecting more students with SNAP benefits**

**HB 3211 (Wallace/Morrison)** - *Bill dead – No positive timely action after Amendatory Veto*  
The Governor issued an amendatory veto of this initiative of the Heartland Alliance for Human Needs & Human Rights. Although the House sponsor filed a motion to override the veto, no vote was taken within fifteen days after that chamber entered the Governor's veto message onto its calendar, and the bill is now considered "dead."

In his amendatory veto message, the Governor wrote that he supported the portion of the bill that would extend eligibility for the federal Supplemental Nutritional Assistance Program (SNAP) to low-income community college students enrolled in career and technical education certificate or degree programs. (Currently, students attending college half-time or more are generally not eligible for SNAP.)

The Governor proposed eliminating another component of the bill, under which ISAC would be required to identify students who are *potentially* SNAP-eligible and to provide institutions with information on SNAP. The colleges and universities, in turn, would be required to provide this information to the potentially-SNAP-eligible students identified by ISAC. The Governor argued that developing the process of identifying and informing potentially-eligible students is not an ideal use of ISAC or DHS resources at this time.

Notably, ISAC lacks the information to make a valid determination regarding SNAP eligibility. As a consequence, if the bill were approved as written, in order to identify all students who were *potentially* SNAP-eligible, ISAC would use the agency's limited information about student circumstances to "cast a wide net," broadly over-identifying students who might benefit from the program. Many students who would *not* ultimately be eligible to receive SNAP benefits would receive notice that they could be eligible for the program.

At the suggestion of the advocates who initiated the bill, the Senate sponsor of the SNAP bill filed a new amendment to **SB 351 (Morrison)** that comports with the Governor's HB 3211 veto message. This amendment was approved by a Senate Committee during the first week of Veto Session.

Although the new version of the SNAP bill does not include a mandate on ISAC and schools, ISAC could still work with interested community colleges to develop a pilot program. Running a test before implementing this system statewide could allow ISAC, DHS, and institutions to refine the process with a goal of ensuring that students are served well.

#### **ADDITIONAL LEGISLATION CONSIDERED OR FILED DURING VETO SESSION**

Although the stated purpose of the fall Veto Session is to respond to actions taken by the Governor on bills approved by legislators in the spring, other items are often considered. This fall, one of these items is expected to be a new version of **HB 2394 (Hernandez)**, also known as "the Access bill." The primary intent of this bill is to allow undocumented Illinois students to qualify for publicly-funded financial aid other than MAP if they meet the criteria for in-state tuition at an Illinois public university. A newly-filed amendment to the bill would also state that Illinois residents who lose eligibility for federal financial aid because they fail to meet "non-financial federal criteria" will retain eligibility for student aid or benefits funded or administered by the state, a state agency, a public institution, or the University, unless the General Assembly (and also the Commission, in the case of ISAC programs) has adopted the same requirement. The main goal of this language is to prevent schools or ISAC from denying aid to an applicant because that applicant has lost federal aid because of a drug conviction. Notably, ISAC does not currently evaluate criminal history for any programs. However, staff is still evaluating the impact that the requirement might have on other program requirements such as registering for selective service and maintaining Satisfactory Academic Progress.

While the Access bill is expected to be heard before the end of the Veto Session, other new legislation has been filed that is not expected to be considered until spring. During a summertime press conference, Senator Chapin Rose and Representative Dan Brady announced that they would file a pair of bills (SB 2234 and HB 4103) intended “to start a conversation” about reforming higher education in the state. The proposals would institute a common application for all Illinois public universities, take steps towards reviving a state-funded merit aid program, and ensure that any Illinois high school student who graduates with at least a B average will be accepted at an Illinois university. It also directs the IBHE to identify academic “Centers of Excellence” on each public university campus to inform future investment in strong programs. Most directly relevant to ISAC's work, the bills would direct IBHE to conduct a study on the state’s return on investment for amounts appropriated for financial aid over the last 25 years.