

AGENDA ITEM 3.

STATE LEGISLATIVE UPDATE

Submitted for: Information

Summary: Lawmakers have approved a comprehensive state budget for FY17 and FY18.

The spending plan that took effect July 6, 2017, provides funding for ISAC-administered grants for the already-completed 2016-17 academic year (FY17), and it also returns the grant funding cycle to a normal schedule for the 2017-18 academic year (FY18). Other highlights of this budget for ISAC-administered programs include the following:

- MAP funding is at the FY15 level (about \$365 million) for FY17 and is increased by 10% for FY18 (to about \$401 million).
- Funding is restored for both FY17 and FY18 for the Minority Teachers of Illinois program, the Golden Apple Scholars of Illinois program, and the Grant Programs for Dependents of Police, Fire, and Correctional Officers killed or permanently disabled in the line of duty. For some programs, the budget includes funding to cover unpaid claims from FY16, as well.
- ISAC outreach, research, and training is funded at the FY15 level of just under \$1 million.

Although the General Assembly's next session days are not yet scheduled, members are expected to reconvene to address K-12 funding reform. ISAC staff also expects to continue discussions with legislators, likely including one or more committee hearings in the coming months, about possible measures to strengthen the College Illinois! Prepaid Tuition Program.

In addition to providing additional information on the budget, this item highlights noteworthy bills and resolutions from this spring's legislative session.

General Assembly-approved bills that now await gubernatorial action include a proposal for a new ISAC-administered grant for students who participate in law enforcement job training programs, a new Student Loan Servicing Rights Act, and a measure to connect more low-income students with federal nutrition benefits.

Action requested: None.

ILLINOIS STUDENT ASSISTANCE COMMISSION

STATE LEGISLATIVE UPDATE

After years of budgetary delay and uncertainty, a comprehensive state appropriations bill was enacted July 6, 2017, that authorizes state spending for FY17 and FY18.

A bipartisan majority in the General Assembly overrode the Governor's vetoes of the three-bill package. In addition to the spending bill (Senate Bill 6, which is now Public Act 100-21), the package included a revenue bill (SB 9, now P.A. 100-22) that increases income tax rates and a budget implementation bill (known as a "BIMP") that makes statutory changes required to implement the spending plan (SB 42, now P.A. 100-23). The package does not include a property tax freeze, changes to the worker's compensation system, or other reforms without which the Governor had said he would not sign a budget into law.

The spending plan that is now in place provides funding for ISAC-administered grants for the already-completed 2016-17 academic year (FY17), and it also returns the grant funding cycle to a normal schedule for the 2017-18 academic year (FY18). After years of extraordinary uncertainty for students and schools, staff is hopeful that a return to a normal cycle for ISAC programs will help over time to rebuild students and institutions' trust in the programs and in Illinois higher education.

Highlights of this budget for ISAC-administered programs include the following:

- For FY17, MAP is funded at the FY15 level of a little under \$365 million. ISAC staff and the Office of the Comptroller worked to expedite MAP processing, which allowed FY17 claims to be paid beginning on July 13. Because the appropriation was more than enough to pay the claims that schools had submitted, additional applications have also been released from suspended status. For FY18, MAP funding is increased by 10% to about \$401 million.
- Funding is restored for both FY17 and FY18 for the Minority Teachers of Illinois program, the Golden Apple Scholars of Illinois program, and the Grant Programs for Dependents of Police, Fire, and Correctional Officers killed or permanently disabled in the line of duty. The appropriations for some programs, including the Dependents' Grant, will allow ISAC to pay claims that were still outstanding from FY16, as well.
- ISAC outreach, research, and training is funded at the FY15 level of just under \$1 million.
- Funding is slightly reduced for ISAC-administered loan repayment assistance programs for teachers, nurse educators, and medical providers working in veterans' homes.
- The appropriations bill also provides spending authority for agency operations, including payroll, for all of FY18, as well as authority to spend federal grant dollars and make awards from special state funds (e.g., the Optometric Scholarship).

Of course, the on-going budget impasse did not deter legislators from filing a large number of bills with the potential to affect college access and affordability for Illinois students. Many of these are highlighted below. The bill descriptions and statuses (in italics) are current as of this writing.

BILLS AND RESOLUTIONS APPROVED BY BOTH CHAMBERS

ISAC-Administered Grant Programs

- **Police job training program & scholarship**

HB 243 (*Flowers/Van Pelt*) - *Sent to the Governor*

HB 243 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 college scholarship program that would be administered by ISAC and available subject to appropriation to students who "successfully complete" the high school program. The bill provides little detail regarding the scholarship program, such as the size of the award or exactly how students would qualify. A new special fund in the State treasury would receive gifts and donations to provide support for both the job training and scholarship components of the program, although the bill does not describe how dollars in that fund would be distributed between the two program components or among their potential recipients.

- **Licensed teachers' access to Minority Teachers of Illinois scholarships**

SB 1739 (*Lightford/Ford*) - *Sent to the Governor*

This ISAC initiative clarifies that an individual who is already licensed to teach may participate in the existing Minority Teachers of Illinois scholarship program while pursuing an additional teaching endorsement or a master's degree in an academic field in which he or she is teaching or plans to teach (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.

Student Loan Servicing

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

SB 1351 (*Biss/Guzzardi*) - *Sent to the Governor*

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. With SA #3, ISAC and its agents are exempt, along with other state guaranty agencies.

Additional Supports for Low-Income Students

- **Connecting more students with SNAP benefits**

HB 3211 (Wallace/Morrison) - *Sent to the Governor*

This initiative of the Heartland Alliance for Human Needs & Human Rights 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 bill would also require ISAC to identify students who may be SNAP-eligible and to provide institutions with information on the SNAP program. The colleges and universities, in turn, would be required to provide this information to the potentially-SNAP-eligible students identified by ISAC.

- **Housing for Homeless Students**

HR 12 (Ford) - *Resolution Adopted by Illinois House*

HR 12 urges public university boards of trustees to establish programs to provide housing scholarships to homeless students and to request funding for these programs as part of their annual appropriations requests.

Innovative Credit-Granting Policies

- **Creates the Credit for Prior Learning Act**

HB 2404 (Willis/Rose) - *Sent to the Governor*

Under this bill, the Illinois Board of Higher Education and Illinois Community College Board would be required to adopt rules that allow public institutions to award credit for prior learning for a specific course or courses. Each public university and community college would also be required to submit its policies and procedures for students to earn credit for prior learning to the IBHE or ICCB.

Procurement Reform

- **Exempts Prepaid Tuition Trust Fund from the Procurement Code**

SB 8 (Harmon/Riley) - *Sent to the Governor*

A bipartisan, omnibus bill to reform the state's procurement process includes language that ISAC requested. If the measure becomes law, purchases made from the private moneys contained in the Prepaid Tuition Trust Fund will be exempt from the state's Procurement Code.

SIGNIFICANT BILLS NOT YET APPROVED

- **Public University Uniform Admission Act**

HB 230 with House Amendment #1 (Thapedi) – *Re-referred to the House Rules Committee*

HB 230 as amended by HA #1, 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. (If HA#3 is adopted, a student would be required to complete a college preparatory curriculum **and** achieve ACT/SAT scores at the level required by the institution for admission.) 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 the minimum requirements for admission. Among other provisions, ISAC would be required to coordinate with the universities to assist with outreach to high school students potentially eligible for the automatic admissions program.

- **College Affordability Act**

HB 1316 (Lang/McGuire) – *Passed House 65-50-0; In Senate Assignments Committee*

The proposed College Affordability Act includes four new initiatives: an IBHE-administered program to help public institutions attract and retain faculty, plus a work-study program, a loan purchasing/refinancing program, and a large new grant program, all administered by ISAC. The grant program, expected to cost approximately \$300 million in its first year if fully funded, would provide up to \$4,000 per year for full-time public institution students with at least a 3.0 GPA from families with incomes below \$125,000. A recipient of the new grant would be required to live in Illinois for two years following the end of his academic program or repay the grant amount without interest, and in order to participate, institutions would have to more-than-maintain their total spending on institutional aid, increasing it along with inflation for 2019-20 and thereafter.

While the proposed grant program would direct aid to the middle income quintile, where university students do currently have significant remaining need, ISAC's analysis is that new funding at the levels envisioned in this bill could have a more meaningful impact on affordability if it were used in the existing Monetary Award Program—where it would also be spent more efficiently, with less administrative overhead and less confusion for students.

- **Access bill for undocumented students**

HB 2394 as amended by HAs #1 & 2 (Hernandez) – *Re-referred to the House Rules Committee*

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 introduced bill would also have prohibited public universities and ISAC from denying a scholarship, grant, or loan to a person who has been convicted of illegal possession or sale of certain controlled substances if he or she otherwise qualified for the assistance. (ISAC does not currently assess applicants' criminal histories to determine eligibility for any state program.)

- **Illinois Higher Education Savings Program**

HB 3691 w/HAs #1, 2, & 3; SA #1 Adopted (Gabel/Lightford) - *Passed House and Senate; SA #1 on Motion to Concur in House*

Under the Illinois Higher Education Savings Program established under this Act, the Treasurer would automatically establish and 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, up to an annual limit. If the House concurred in the Senate's amendment to the bill, the state's annual match would be capped at \$75 per child, and the program could begin as a pilot if sufficient funds could not be identified to ensure statewide coverage.