

AGENDA ITEM 4.

STATE LEGISLATIVE UPDATE

Submitted for: Information

Summary: This item summarizes notable actions that the Illinois General Assembly took during its Spring 2019 legislative session. Budget highlights for State Fiscal Year 2020 are included, as is summary information about legislation that is noteworthy for ISAC or the students whom the agency serves.

Among the budget highlights for ISAC are the approval of a historically high appropriation for the Monetary Award Program (MAP) and an increase in operational funding that staff believe will cover the projected decline in the agency's federal revenues during FY 2020.

Major legislative initiatives covered in this item include a new requirement that high school students file the Free Application for Federal Student Aid (FAFSA) before graduation and the Retaining Illinois Students and Equity (RISE) Act, which will extend eligibility for publicly-funded financial aid to undocumented Illinois students, among others.

Bill status information in this item is current as of this writing.

Lawmakers are scheduled to return to Springfield on October 28th.

Action requested: None.

ILLINOIS STUDENT ASSISTANCE COMMISSION

STATE LEGISLATIVE UPDATE

The Spring legislative session wrapped up *nearly* on schedule in 2019, with the House adjourning one day late on Saturday, June 1, and the Senate completing its business the following day.

The first session for new Governor JB Pritzker was a consequential one, with several major components of his campaign platform approved by both chambers, along with other major initiatives that had been championed by individual legislators for years without success. Majorities of legislators in both chambers approved a minimum wage increase, as well as a bill to phase in higher minimum teacher salaries; an increase in the age to buy cigarettes, e-cigarettes, and other tobacco products from 18 to 21; the legalization of adult use of cannabis; a gambling expansion measure that will allow construction of new casinos, permit slot machines in more locations, and legalize sports betting; a rewrite of the state's abortion laws that supporters believe will solidify the *status quo* of reproductive healthcare access in Illinois if the U.S. Supreme Court overturns *Roe V. Wade*; and a resolution that will put to voters in November 2020 the question of whether Illinois should amend its constitution to allow a graduated income tax rate structure.

Significantly, the General Assembly also approved a timely spending plan for FY 2020, which begins July 1st, 2019. The package includes the state's first capital construction plan in a decade, which will support both new construction and deferred maintenance for roads, bridges, state-owned buildings, educational institutions (elementary through postsecondary), public transit, and more. Sources of revenue will include higher motor fuel taxes, vehicle registration fees, and cigarette taxes.

The state's primary appropriations bill, **Senate Bill 262 (J. Cullerton/G. Harris – now Public Act 100-7)**, authorizes around \$40 billion in spending. Sponsors highlighted that the FY 2020 budget, which received bipartisan support, funds the state's pensions systems at their full actuarially certified level (an item that was not included in the Governor's original budget request but was facilitated by an April announcement that state revenues were above projections) and provides \$1.4 billion to pay down the state's bill backlog through a combination of borrowing and direct appropriations from state general funds.

With respect to higher education, our colleagues at the Illinois Board of Higher Education (IBHE) report that the overall increase in funding for operations and grants is 8.2%, the largest percent increase in their records, which go back to FY 90. For the public universities and community colleges, FY 2020 funding is increased by about 5%.

Highlights of ISAC's portion of the budget include the following:

- MAP is increased by \$50 million to more than \$451 million, and the agency has retained the authority to use up to 2% of that total for the agency's operating costs, if needed.

- An increase of \$4.0 million in state general funds (divided evenly between budget lines for Agency Operations and for Outreach, Research, and Training) will make up for the agency’s FY 2020 projected decline in federal funding from the Federal Family Education Loan Program.
 - Agency Operations are funded at \$3.5 million, a 75% increase in a budget line that the agency successfully sought to add to the state budget in FY 2019.
 - Nearly \$3.5 million is appropriated to Outreach, Research, and Training, which received just under \$1 million in FY 2019 (an increase of more than 250%).
- Funding for the AIM HIGH program created last year by the Higher Education Working Group totals \$35 million, an increase of \$10 million. The new program, intended to help public universities attract and keep Illinois students, requires institutions to match state funds dollar-for-dollar. AIM HIGH provides financial aid for Illinois residents with family incomes of no more than six times the federal poverty level (about \$150,000 for a family of four).
- The Golden Apple Scholars of Illinois program is provided level funding (\$6.498 million) for its existing program, plus \$750,000 for a new “Accelerator” program under development that is intended to move university seniors quickly into teaching to address shortages in the profession, particularly downstate.
- Level funding is appropriated for Teacher Loan Forgiveness, Nurse Educator Loan Repayment, Veterans’ Home Medical Providers’ Loan Repayment, Minority Teachers of Illinois, and the Grant Program for Dependents of Police, Fire, and Correctional Officers who were killed or severely, permanently disabled in the line of duty.
- A grant program for exonerees that was created in 2016—but never before funded—will receive \$150,000.
- While the budget does not provide funds to reimburse universities for amounts that they waive for the Illinois Veteran Grant (IVG) or Illinois National Guard Grant, a little over \$4 million is appropriated to the Illinois Community College Board to reimburse community colleges for IVG costs.

Included below are summaries of other legislation affecting ISAC or higher education access and affordability from the Spring 2019 session. First, measures that have passed both chambers are included and arranged numerically, with bill status designations (*in italics*) accurate at the time of this writing. In most cases, the General Assembly sends bills to the Governor for consideration within 30 days of passage, and the Governor has 60 further days to sign, veto, or allow a bill to become law without signature.

A listing of several noteworthy bills that did *not* pass, including ISAC’s initiative to secure full faith and credit backing for College Illinois!, is also included at the end of this item.

BILLS APPROVED BY BOTH HOUSES

HB 26 (Thapedi/Collins) –Creates the **Public University Uniform Admission Pilot Program Act**. A pilot program is to be established at Northern, Western, Eastern, and Southern Illinois Universities, to run from the 2020-2021 academic year until July 1, 2025. Under the program, these institutions will automatically admit Illinois students who meet the universities’ basic criteria (minimum test scores and preparatory curriculum) and either (1) graduate among their high schools’ top 10% or (2) are the children of fallen police, fire, or correctional officers. ISAC is directed to develop rules regarding outreach to high school students who are potentially eligible for automatic admissions. The program was inspired by Texas’s admissions policies and is intended primarily to ensure that the state’s public institutions reflect the racial diversity of the state, as well as improving the geographic and economic diversity of the student body. *Status: Passed Both Houses (Passed Senate as amended 57-0-0, House concurred 117-0-0)*

HB 2237 (Gabel/McGuire) – This Treasurer initiative directs his office to create an **Illinois Higher Education Savings Program** that would automatically establish a 529 savings account (similar to Bright Start) for each child born to or adopted by residents of Illinois after December 31, 2020. Subject to appropriation by the General Assembly, seed funds of \$50 per child would be deposited into a pooled omnibus account and invested. The Treasurer’s office may develop partnerships with other entities to provide matching funds and to provide education on financial literacy for participating families. *Status: Passed Both Houses (Passed House 66-42-1, Passed Senate 40-15-0)*

HB 2691 (Hernandez/Aquino) – HB 2691 creates the **Retention of Illinois Students and Equity (RISE) Act**. Under the bill, a student who is an Illinois resident and who is not otherwise eligible for federal financial aid would be eligible for State financial aid and benefits including programs administered by ISAC and assistance provided by public institutions. The advocates and sponsors were focused specifically on providing access for noncitizen students who have not yet obtained lawful permanent residence and transgender students who are disqualified for failure to register for selective service. The bill would also prohibit any caps on MAP eligibility other than those required by statute, effectively eliminating an existing rule that bars a student from receiving MAP if she has used the program for more than 75 credit hours but has not yet attained junior standing. (The rule is intended to help students preserve MAP eligibility for their final years of a BA/BS program, when their costs are likely to be higher, their MAP grant is likely to be larger, and they may have reached their limits for federal student loans, limiting their ability to borrow affordably.) An estimated 3,500 students could become newly eligible for the MAP under the bill; because the program is subject to appropriation, this does not necessarily increase program *cost*, but the additional eligibility would be expected to add about \$9.0 million in annual *demand* for the program. As other states have done, ISAC anticipates developing a new application (available when the bill takes effect in January 2020) that would provide a state alternative to the FAFSA for students who are not eligible for federal student aid. The bill’s sponsors committed to working with ISAC on a trailer bill during the fall Veto Session if additional legislation is needed to clarify intent, secure the privacy of those applying using an alternative application, and ensure that students no longer subject to the 75-hour cap are making informed choices about how they use their limited MAP eligibility.

Status: Sent to Governor (Passed House 66-47-0, Passed Senate 35-15-0)

HB 2719 (Stuart/Manar) – This initiative of the Governor makes it a requirement, beginning with the 2020-2021 school year, that a high school student **complete the FAFSA** or an alternative state financial aid application as a condition of graduation. The bill includes broad waiver provisions under which a parent, guardian, or the student (if 18 or emancipated) can opt out of filing for any reason, which will not need to be specified. Additionally, to accommodate students whose parents are not able to be engaged in this process—e.g., if the parent is mentally or physically ill, incarcerated, or deceased—the bill allows the school to waive the requirement after making a good faith effort to support the student in filing an application or an opt-out waiver. The Illinois State Board of Education will write rules for this new high school requirement, which is based on a Louisiana policy that has been credited for substantial increases in FAFSA-filing in that state. Because of this initiative, ISAC anticipates additional demand for outreach services to support FAFSA completion, as well as additional demand for MAP.

Status: Sent to Governor (Passed Senate as amended 39-13-1, House concurred 71-39-1)

SB 1167 (Ellman/Kifowit) – Under SB 1167, ISAC would establish and administer an **adult community college scholarship program** beginning with the 2020-2021 academic year, subject to appropriation. (The program is not funded in the budget just passed by the General Assembly.) Under the program, applicants could receive grants of up to \$2,000 per year to attend community college if they are over the age of 30, have been unemployed and actively searching for employment for at least six months, and identify the specific certificate, credential, or associate degree that they seek. If funding were insufficient to provide grants to all eligible applicants, ISAC could prioritize based on factors that include an applicant's financial need, duration of unemployment, prior level of educational attainment, or date of application.

Status: Passed Both Houses (Passed Senate 58-0-0, Passed House 109-7-0)

SB 1467 (Van Pelt/Stava-Murray) – This bill would extend **eligibility for the MIA/POW Scholarship (administered by the Illinois Department of Veterans Affairs) and the Illinois Veteran Grant (IVG, administered by ISAC)** to otherwise-qualified Illinois residents who, at some point after leaving the service, resided in Illinois for at least 15 consecutive years. (Generally, under current law a recipient must have been an Illinois resident at the time of entering military service.) The fiscal impact of this change is not known.

Status: Passed Both Houses (Passed Senate 57-0-0, Passed House 104-9-1)

SB 1524 (Lightford/Ammons) – This Treasurer initiative would create the **Illinois Student Loan Investment Act**, providing the Treasurer with broad authority to use up to 5% of the state's investment portfolio to finance various student loan-related products, including by originating loans, refinancing loans, and entering into or facilitating income share agreements with students. In committee hearings and floor debate, several legislators urged the Treasurer's office to consult ISAC on developing the programs.

Status: Passed Both Houses (Passed House as amended 72-44-1, Senate concurred 58-0-0)

SB 1641 (Peters/Smith) – Under SB 1641 as amended, ISAC would annually include information about the Supplemental Nutrition Assistance Program (SNAP) in the language that schools are required to provide to students eligible for the Monetary Award Program (MAP) grant. At a

minimum, the language would direct students to information about college student eligibility criteria for SNAP and would refer students to the Department of Human Services and to the Illinois Hunger Coalition's Hunger Hotline for additional information. Illinois institutions of higher education that participate in MAP would be required to provide the notice to all students who are enrolled, or who are accepted for enrollment and intending to enroll, who have been identified by ISAC as MAP-eligible at the institution.

Status: Passed Both Houses (Passed House as amended 102-14-0, Senate concurred 53-0-0)

BILLS NOT APPROVED

Many bills were filed this year that would have created new ISAC-administered programs or directly affected ISAC business in other ways. There were proposals for new programs for early childhood workers (SB 2091), minority professionals working for non-profits (HB 24), students with incomes below the poverty line (HB 871), and students who had attended at least three different postsecondary institutions without achieving a degree (HB 3371), along with a very broad proposal (HB 901) to make public institutions tuition-free. Especially notable measures that did not proceed included the following:

- **SB 535 (Bennett) and SB 2137 (S. Bennett/K. Burke)** – This ISAC initiative would provide additional certainty to contract holders in the **College Illinois! Prepaid Tuition Program**. Although the program was intended to be self-sustaining, it has been challenged by factors including about a decade of hyperinflation of tuition and fees, the investment challenges associated with the Great Recession, and low contract sales in recent years. According to the program's most recent actuarial soundness report, state funding is likely to be needed beginning in 2026 to ensure that all contract obligations are fulfilled. SB 2137 would provide the state's full faith and credit backing for all College Illinois! contracts, which are currently backed by the moral obligation of the state. Full faith and credit provides a guarantee of funding from the state to pay contractual obligations should the Prepaid Tuition Fund have insufficient funds to do so. No additional action from the Governor or General Assembly would be needed with full faith and credit, making it an even stronger and more reliable backing than the moral obligation of the state. With Senate Amendment #2, no additional prepaid tuition contracts would be made available for purchase. SB 2137 was approved unanimously by the Senate Higher Education Committee before its language, for technical reasons, was added to SB 535, which also passed that committee unanimously. Despite bipartisan approval, the bills were not called for a vote of the full Senate before the end of the legislative session and have been returned to the Senate Committee on Assignments.
- **SB 1255** – Hastings/Myers-Martin: Would allow IVG-eligible veterans to pass unused benefits to a dependent. A new sliding IVG eligibility scale would have reduced or eliminated eligibility for many currently-eligible veterans. The measure passed the Senate with an agreement to amend in the House, but it was never called for a vote in that chamber.

- **SB 1376** – Rose: Would consolidate ISAC and the Illinois Community College Board with the Illinois Board of Higher Education. The measure was never called for a vote.
- **SB 1809** – DeWitte/Ugaste: Would allow a student to receive an extra year of MAP (despite already holding a bachelor’s degree or exceeding the current 135 credit hour limit) if he/she is enrolled in a teacher preparation program and agrees to teach in Illinois or repay. The proposal introduces several ideas not currently part of MAP: using MAP to serve a specific workforce goal as opposed to the broader goal of college access and student choice, making MAP’s limited funding available to people who have already completed an undergraduate degree, and requiring the grant, in some cases, to be converted to student debt that must be repaid. SB 1809 passed the Senate but was never called for a vote in the House.