

AGENDA ITEM 4.

STATE LEGISLATIVE UPDATE

Summary:

This report highlights actions taken by the Illinois General Assembly during the spring legislative session, including the budget for state fiscal year 2022, which runs July 1, 2021, through June 30, 2022.

With respect to ISAC, highlights from this session included:

- a \$28 million increase in funding for the Monetary Award Program (MAP),
- \$50 million in payments over two years from the state's General Revenue Fund to begin addressing the unfunded liability in the College Illinois! Prepaid Tuition Program,
- several additional scholarship and grant programs to administer, and
- a number of task forces and new working groups that the agency will lead, participate in, or support.

A schedule has not yet been released for the General Assembly's fall Veto Session, but it is expected that both chambers will reconvene this summer to consider items that were not completed before adjournment: an energy bill, a bill to phase in an elected Chicago school board, and more.

Legislators and the Pritzker Administration can also be expected to continue meeting to discuss how to allocate about \$5.6 billion in federal pandemic recovery funds that are available to spend through 2024. No process or timeline has yet been described for appropriating those funds.

ILLINOIS STUDENT ASSISTANCE COMMISSION

STATE LEGISLATIVE UPDATE

The regularly-scheduled days have to come a close for the first spring session of the 102nd General Assembly.

The Illinois House approved a budget bill just before midnight on May 31st and adjourned a few hours later, with new Speaker Chris Welch advising representatives that they could be asked to reconvene at his call later this summer. The Senate continued its work into the evening of June 1st, when it adjourned after passing a bill that would set in motion a transition to an elected school board for Chicago.

Although legislators have left the state house, a number of issues remain unresolved, including a heavily-negotiated measure related to energy and the environment, which legislators are expected to be called back to Springfield to consider within the coming weeks.

A budget for state fiscal year 2022 (FY22) is among the items that passed both houses of the General Assembly. Highlights are described below, along with many other legislative items of interest for the Commission that were approved by both the House and the Senate. Bill statuses are current as of this writing, and the latest status information can be found at the Illinois General Assembly web site, www.ilga.gov. To see a report listing all 654 bills that have passed both houses so far this session, click [here](#).

BUDGET

Senate Bill 2800 (Harmon/Welch – Passed Both Houses) allocates state and federal funding for FY22 (7/1/21 – 6/30/22) and makes supplemental appropriations for the final weeks of FY21. In debate, the chief budget negotiators indicated that the bill spends about \$42.2 billion, compared to a revenue projection of about \$42.3 billion. While the Governor’s proposed budget included more than \$900 million in revenue enhancements, mostly closures of what he framed as corporate loopholes, the General Assembly adopted changes expected to increase revenue by about \$650 million. The budget also benefits from federal relief dollars, as well as an economy that now appears stronger than had been previously projected. The majority Democrats emphasized that the budget includes early repayment of about \$2 billion borrowed from a special federal credit facility during the pandemic, plus early repayment of about \$1 billion in interfund borrowing at the state level. Advance payment of these debts will save interest and is expected to relieve about a billion dollars in budget pressure from the FY23 and FY24 budgets.

About \$8.1 billion is anticipated for Illinois from the federal American Rescue Plan Act (ARPA). The budget in SB 2800 allocates about \$2.5 billion of these funds in FY22: \$1.5 billion for a wide variety of programs and \$1.0 billion for infrastructure spending/capital projects. These relief funds are available to spend through 2024. The appropriations chairs indicated that they wanted to

immediately push out significant funding for emergency needs and pandemic recovery efforts, but that they planned to take a thoughtful, strategic, and “planful” approach to appropriating the remaining funds. No specific process or timeline has yet been outlined for making these decisions.

With some noteworthy exceptions described below, the ISAC budget includes level funding for most scholarship and grant programs, and it maintains current levels of state support for the Agency Operations budget line and for Outreach, Research, and Training. Spending authority from the Student Loan Operating Fund and other state funds is at the levels requested by the Commission.

Budget highlights for ISAC include the following:

- **Funding will increase by about \$28 million for MAP grants.** The program is appropriated \$479,566,200, the amount requested by Governor Pritzker, with 2% available for operations.
- **The state will deposit a total of \$50 million over two years into the Illinois Prepaid Tuition Trust Fund for the College Illinois! Prepaid Tuition Program.** \$30 million will be transferred to the Trust Fund before the end of FY21, followed by another \$20 million in FY22. Not only are these critical steps that are good for contract-holders and begin to address the program’s unfunded liability, but the approach is expected to make future payments more manageable and save the state money in the long run. Of course, additional funding for College Illinois! will be required in future years, as well, but these initial payments are significant for the program.
- About \$7 million in federal funding will more than double the support for the Golden Apple Scholars and Golden Apple Accelerators programs for teachers-in-training. These are part of ISAC’s budget but administered in partnership with the private Golden Apple Foundation.
- \$55 million in federal funding is appropriated to ISAC to support a new financial aid program for people who work in early childhood education and wish to earn additional credentials and degrees. This program is being developed in partnership with the Illinois Board of Higher Education, Department of Human Services, and other agencies as the state establishes a new higher education consortium to improve access to training for early childhood educators.
- \$1,100,000 is appropriated to ISAC from a new Energy Transition Assistance Fund to support scholarships for the dependents of workers who lose income because a coal mine or coal-fired power plant closes or reduces operations. (NOTE: The language governing this program is expected to be part of an omnibus energy bill, but as of this writing, the bill language has not been released.)

With respect to higher education institutions, the fiscal year 2022 budget provides funding for public universities, community colleges, and adult education at the same level as was appropriated in fiscal year 2021.

While the budget does not reimburse universities for amounts that they waive for the Illinois Veteran Grant (IVG) or Illinois National Guard Grant (ING), a little over \$4 million is once again appropriated to the Illinois Community College Board to reimburse community colleges for IVG costs. ISAC staff identified that a method was available to change how these funds are appropriated to allow a significantly fairer distribution of funds that will allow all community colleges to have nearly all of their IVG and ING claims reimbursed, without the need to increase the appropriation. SB 2800 incorporates those changes.

Other federal relief funds at the institution level include:

- \$27.0 million for community colleges from the Governor’s Emergency Education Relief Fund (GEER) to overcome barriers created by the pandemic and support student learning renewal.
- \$25.0 million to support rapid expansion of the early childhood workforce and implementation of an early childhood education consortium (HB 2878).
- \$10.0 million from the State Coronavirus Urgent Remediation Emergency Fund (CURE) for college bridge programs.

Staff anticipates that additional budget guidance will be forthcoming in the next several weeks to ensure that federal funds are appropriately spent and documented.

ISAC INITIATIVES

Two ISAC initiatives were introduced, and both were successful:

- Once signed, [HB 1802](#) (Stuart/Ellman – Passed Both Houses) will allow the **ISAC student commissioner** to continue to serve after the student’s initial term has expired until a new appointment is made. This is consistent with the law regarding all other commissioners. The agency has asked the Governor’s office for expedited signature of this measure once he receives it from the General Assembly, and ISAC staff will work with the student advisory committees of both the Illinois Board of Higher Education (IBHE) and the Illinois Community College Board (ICCB) to ensure that nominating a new student commissioner is on their respective agendas for the upcoming academic year.
- [SB 1085](#) (Villanueva/Buckner – Passed Both Houses) will create the **Educational Planning Services Consumer Protection Act, or the Segura Law**. This consumer protection measure will help to ensure that families are not legally trapped in long-term contracts with vendors who charge for educational planning services such as college search

and financial aid application assistance, and it will require that such vendors disclose that similar services may be available for free from a student's school, a library, or ISAC. Vendors would have to allow customers to cancel at any time and to obtain a refund if they paid for any services that they did not actually receive. If the vendor communicated with a potential client primarily in a language other than English, they would be required to make their contract and disclosures available in that other language, as well. Violations of the act will also be considered violations of the Consumer Fraud and Deceptive Business Practices Act, which empowers the Illinois Attorney General and state's attorneys to enforce it.

NEW PROGRAMS

In addition to the two new programs described in the "Budget" section above for early childhood educators and the dependents of certain displaced workers, the General Assembly approved two initiatives of the National Association of Social Workers – Illinois that would be administered by ISAC. Modeled on existing ISAC programs, both bills are meant to bolster the quantity and the diversity of Illinois professionals in school social work. Neither program received funding in the budget for the upcoming FY22. To help address a mismatch between the diversity of Illinois students and the diversity of school social workers, both programs require ISAC to prioritize awarding to applicants who identify as belonging to specified racial minority groups.

- [**SB 661**](#) (Gillespie/LaPointe – Passed Both Houses) creates the **Post-Master of Social Work School Social Work Professional Educator License scholarship**, established subject to appropriation beginning with awards for the 2022-2023 academic year. The program would be a new "groan," a grant that is converted to a loan if the recipient fails to complete an obligation to work in an Illinois school after graduation.
- [**SB 662**](#) (Gillespie/Carroll – Passed Both Houses) creates the **School Social Work Shortage Loan Repayment Program** beginning, subject to appropriation, on July 1, 2022. If funded, the program will operate much like other ISAC-administered loan repayment programs such as the Veterans' Home Medical Provider Loan Repayment Program.

OTHER BILLS AFFECTING ISAC AND ISAC PROGRAMS

- [**HB 1290**](#) (Mason/Cullerton – Passed Both Houses) would expand how the state defines an honorable discharge, which would make **state veterans' programs, including IVG, available to more Illinoisans** who served. The words "honorable discharge" and "honorably discharged" will now be read to include a discharge under other than honorable conditions or general discharge under honorable conditions if the veteran did not receive an honorable discharge only due to sexual orientation or gender identity.

- [HB 332](#) (Burke/Murphy – Passed Both Houses) is an initiative of an association of publishing companies that want the state to run a **task force on higher education course materials**, with particular attention to an online model that they have developed and refer to as “inclusive access.” If approved by the Governor, the bill would require ISAC to coordinate and support a large task force with an expansive charge that will require extensive data collection from institutions on a challenging time frame. Staff will work with the Governor’s office, sponsors, and partner agencies to address these challenges, which may include consideration of a veto or a trailer bill (a subsequent bill that would make further changes to the language of HB 332).
- ISAC will have a seat on a **Commission on Equitable Public University Funding** under [SB 815](#) (Lightford/Ammons – Passed Both Houses). This new body is asked to recommend specific data-driven criteria and approaches to the General Assembly to adequately, equitably, and stably fund public universities.
- Under [HB 2878](#) (Stuart/Pacione-Zayas – Passed Both Houses), the agency will also have a seat on an **advisory committee for a new Early Childhood Access Consortium for Equity**. The purpose of the Consortium is “to serve the needs of the incumbent early childhood workforce and the employers of early childhood educators and to advance racial equity by streamlining, coordinating, and improving the accessibility to degree completion pathways at institutions of higher education.”
- [House Resolution 270](#) urges the Bank On Commission, housed in the Office of the Comptroller, to lead a task force to identify **recommendations to improve the financial literacy outcomes of students** enrolled in two and four year public colleges and universities in Illinois. ISAC and other state agencies, as well as the State Treasurer, “should fully cooperate in submitting needed information for the aforementioned task force to develop thorough, well-informed recommendations” in a report due December 31, 2022.
- [SB 1697](#) (Bennett/Hoffman – Passed Both Houses) amends the Grant Accountability and Transparency Act (GATA) such that, for public institutions of higher education, the Act will apply only to federal pass-through awards from State agencies to public institutions of higher education. **Awards to universities and community colleges that are funded from state appropriations (e.g., AIM HIGH) will no longer be subject to GATA.**
- [SB 340](#) (Hunter/LaPointe – Passed Both Houses) delays the sunset date to December 31, 2024 (currently, December 30, 2021) for a **tax credit that is currently available to employers** who match their employees' contributions to the Bright Start and Bright Directions College Savings Programs and the College Illinois! Prepaid Tuition Program.

OTHER POLICY CHANGES OF INTEREST

- [SB 2338](#) (Harris/Buckner – Passed Both Houses) creates the **Student-Athlete Endorsement Rights Act** to set out the conditions in which a student-athlete may and may not earn compensation for the use of the student-athlete's name, image, likeness, or voice while enrolled at a postsecondary education institution. The bill prohibits changes to a student-athlete's financial aid and other benefits as a result of the student-athlete receiving compensation, except that nothing in this Act is intended to alter any State or federal laws, rules, or regulations regarding the award of financial aid at postsecondary educational institutions.
- [SB 63](#) (Peters/Tarver – Passed Both Houses) requires the Department of Children and Family Services (DCFS) to **ensure that youth in care file a FAFSA** during October of the student's senior year of high school and that they have all of the documentation they need for the financial aid application process.
- [SB 136](#) (Morrison/LaPointe – Passed Both Houses) will create the **Pat McGuire Child Welfare Education Fellowship Pilot Program** to provide financial assistance to students who commit to seek and maintain employment at an Illinois purchase of service agency that contracts with DCFS following their graduation from a participating institution of higher education with a degree in social work.
- [SB 267](#) (Villanueva/Guzzardi – Passed Both Houses) will require public universities and community colleges to collect and report additional information regarding **students who are also parents**, with the goal of using this information to inform future policy-making.
- [HB 226](#) (Greenwood/Belt – Passed Both Houses) will require all public colleges and universities to create a **test-optional admissions policy** for all Illinois students.
- [HB 2746](#) (Stuart/Bennett – Passed Both Houses) is an Attorney General initiative to create the **Know Before You Owe Private Education Loan Act**. It would require private educational lenders, including those who offer income share agreements, to obtain several certifications from the student's institution (e.g., total cost of attendance, amount covered by financial aid, assurance that the student has been informed about federal aid availability). Lenders would also be required to file reports with the Department of Financial and Professional Regulation and the Attorney General's Student Loan Ombudsman on the amount, rates, and terms of these loans and agreements. The intent is that this data will inform future policy-making regarding private student loans and income share agreements.

- [SB 669](#) (Aquino/Zalewski – Passed Both Houses) subjects **student loan debt settlement providers** to the Debt Settlement Consumer Protection Act, providing the state with additional enforcement tools to combat misleading or fraudulent companies.
- This year’s budget implementation bill or “BIMP,” [SB 2017](#) (Harmon/Harris – Passed Both Houses) includes provisions granting temporary authority to the Department of the Lottery and the Department of Public Health to run a **Coronavirus Vaccine Incentive Public Health Promotion**, under which up to \$10 million could be used to promote vaccinations, including with scholarships or educational awards for young people who get vaccinated against COVID-19. It also authorizes the Illinois State Board of Education (ISBE) to help cover **Advanced Placement test fees** to the extent funding allows for any student who qualifies for free or reduced-price lunch. (The prior language only specifically authorized subsidies for students at schools where at least 40% of students were eligible for free or reduced-price lunches.)
- Under [SB 190](#) (Glowiak Hilton/West – Passed Both Houses), a post-secondary institution of any type, including a private business, technical, or vocational school, would need to designate at least one employee to serve as a **liaison between the institution and a homeless student or student in care who is enrolled at the institution**. Similarly, under [HB 3438](#) (Hirschauer/Villa – Passed Both Houses), each public university and community college district would be required to designate an employee as an **Undocumented Student Resource Liaison** to provide assistance to undocumented students and mixed status students in streamlining access to financial aid and academic support
- Resolutions were approved to call on the federal government to include **farming in the public service loan forgiveness program** ([SR 168](#) – Pacione-Zayas and [HR 5](#) – West) and to urge Congress to **recognize student debt as a crisis**, work to forgive student loans for all current borrowers, and prevent future students from shouldering an insurmountable burden of debt. ([HR 91](#) – Buckner).