

AGENDA ITEM 5.
LEGISLATIVE UPDATE

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Submitted for: Information

Summary: This item highlights actions of interest to the Commission that were taken by the Illinois General Assembly during its spring legislative session, January through May 2024.
With respect to ISAC, the session resulted in several programmatic changes and additions, as well as an increased budget for state fiscal year 2025 (FY25).
The General Assembly is next expected to meet in the fall for its annual legislative Veto Session, although a schedule has not yet been made public.

Action requested: None.

ILLINOIS STUDENT ASSISTANCE COMMISSION**STATE LEGISLATIVE UPDATE**

The 103rd General Assembly concluded its spring legislative session in the early hours of May 29th. Although the Governor, Senate President, and House Speaker had announced an agreement days earlier, it ultimately took majority Democrats in the Illinois House three attempts over multiple hours to muster enough votes for a revenue bill that was needed to balance the state's \$53.1 billion (general funds) spending plan for state fiscal year 2025 (FY25).

For the Student Assistance Commission, the session resulted in a budget larger than the current year's, albeit with more modest increases than in recent budgets. (The spending plan is described in more detail beginning on the sixth page of this item.) The session also resulted in several other legislative amendments that, if signed, will affect the agency's work. These include new programs for the agency to administer, changes to existing ISAC-run programs, and policy changes that will affect the agency's operations more broadly.

Notable legislation that passed both houses

- New eligibility criteria for in-state tuition and state financial aid: Senate Bill (SB) 461 (Villivalam/Ortiz, Passed Both Houses) would change the characteristics that entitle students to in-state tuition, allowing more students to qualify. This is particularly relevant to ISAC because, under the state's Retention of Illinois Students and Equity Act (the RISE Act), the same criteria under which an undocumented student would qualify for in-state tuition are used to determine eligibility for state-funded financial aid. Thus, although SB 461 makes no mention of ISAC or financial aid, it will result in a revised screening process for the Alternative Application for Illinois Financial Aid and expanded eligibility for ISAC programs and other state-funded aid. Training and communications about the Alternative Application and RISE Act will also need to be revised.

Today, to be entitled to in-state tuition, an undocumented student must have lived with parents while attending high school in Illinois for at least three years. Under this bill, beginning July 1, 2026, there would no longer be a requirement that the student lived with a parent while attending school in Illinois, and other types of school attendance in Illinois could qualify a student for in-state tuition. For example, eligibility would be expanded to include an undocumented student who attended an Illinois high school for at least a year before graduating, then earned 60 credits from an Illinois community college over two years. At the request of the University of Illinois system, the sponsors amended the bill to exclude any "individual who has a non-immigrant alien status that precludes an intent to

permanently reside in the United States under subsection (a) of Section 1101 of Title 8 of the United States Code.”

As is the case with the RISE Act today, the student would still need to meet other program requirements to be awarded aid, including programs’ own residency requirements.

- Early Childhood Access Consortium for Equity (ECACE) Scholarship: Each year, a budget implementation bill, or “BIMP,” is filed to accompany the state’s budget bill. The BIMP traditionally includes a broad variety of changes to state statute that are needed to implement the year’s spending plan. Among the changes in the FY25 BIMP (House Bill (HB) 4959 - Gabel/Sims, Now Public Act 103-0588) is the establishment in state law of the Early Childhood Access Consortium for Equity (ECACE) Scholarship. When the ECACE Act was approved in 2021, it encouraged the use of federal funds to create a financial aid program, if available, but it was silent on the program details or where the program would be housed. ISAC was later asked to run a program in collaboration with the Illinois Board of Higher Education (IBHE) and Illinois Community College Board (ICCB) and has been doing so since FY22. Federal funds will be expiring soon, but this bill would establish the ECACE Scholarship in *state* law, subject to appropriation. ISAC will retain administrative authority for the scholarship, but program design will continue to happen in consultation with the agencies that manage the Consortium and with feedback from the Consortium’s Advisory Committee. The scholarship will continue to be available to incumbent members of the early childhood education and care workforce who enroll in institutions that are members of the Consortium. The language also makes it clear that the program can prioritize students who are already in the pipeline and give preference based on financial need.

- Grant for Exonerated Persons: SB 3771 (Villivalam/Olickal, Passed Both Houses) is an ISAC initiative to give wrongly-convicted people more flexibility in how they can use the existing Exoneree Grant beginning with the 2025-26 academic year. The grant, which is for people who were imprisoned but later found to be innocent, provides funding towards college tuition and fees and/or for a State of Illinois high school diploma. The program has been funded since 2020, but despite the agency’s significant efforts to raise awareness of the program, only three grants have been claimed. To better understand the low demand, agency staff reviewed reasons that applicants had been denied. Staff also considered whether potential recipients were encountering barriers that could be removed without an excessive fiscal impact and while staying true to the program’s intent. SB 3771 makes several changes as a result:
 - It allows the grant to be used not only at *public* universities and community colleges but also at *private, not-for-profit* institutions.
 - It allows exonerees to give any of their unused grant eligibility units to a dependent.
 - It removes a requirement that the recipient live in Illinois while using the grant (although the funds still must be used at an Illinois institution).

- It requires ISAC to provide program information to circuit clerks, who must post information about the program in courthouses to help promote awareness.
- Journalism Scholarship: SB 3592 (Stadelman/Vella, Passed Both Houses) would create an ISAC-administered journalism scholarship beginning in the 2025-26 school year if the program receives funding. Students awarded the scholarship would be expected to commit to working at least two years a local news organization in the state after graduation, although the bill does not include a repayment provision if they fail to do so. The statute is written with few details, leaving many of the program parameters (including award size) to the agency to decide.
- Workforce Development Through Charitable Loan Repayment: Legislators passed a bill making a variety of changes to tax code this year, including one that affects ISAC directly: One portion of HB 4951 (Burke/Villanueva, Passed Both Houses) creates a new Workforce Development Through Charitable Loan Repayment Program “to create a private sector incentive for qualified workers to work and live in eligible areas while also reducing the student debt burden of those workers.” The thrust of the legislation is that if a community foundation in Illinois uses private, charitable dollars to repay any of a worker’s student loans through a qualifying program, the State of Illinois will not tax that loan repayment as part of the worker’s income. ISAC must develop a system for approving community foundations’ participation in the program by January 1, 2026.
 - This omnibus bill also extends through 2029 the existing credit for student-assistance contributions (i.e., payments made to College Illinois! or to Bright Start/Bright Directions).
- Codifying exemptions from Civil Service classification: SB 3132 (Halpin/Stuart, Passed Both Houses) is an ICCB initiative that amends the State Universities Civil Service Act to provide that the executive director, directors, deputy directors, managing directors, chiefs, and attorneys of each higher education agency are exempt from classification under the State Universities Civil Service System (SUCSS). This is essentially a clarification and codification of the long-standing interpretation of existing law. The bill also updates our agency’s name: Remarkably, the SUCSS statute still refers to the Illinois State Scholarship Commission instead of the Illinois Student Assistance Commission.

Notable legislation that did not pass

- Suspension of the FAFSA graduation requirement: In April, Senator Dan McConchie, concerned that relatively few high school seniors had yet completed a Free Application for Federal Student Aid (FAFSA), filed language to suspend the FAFSA completion requirement for high school seniors in the Class of 2024. SB 998 (McConchie/Stuart)

passed the Senate, but the House sponsor did not ultimately call the bill for a final vote in the House. Between Senate passage of the bill and House consideration, compliance with the School Code requirements had risen to about 82%. ISAC and ISBE also implemented changes to the system by which school officials document an administrative waiver of the requirement, minimizing the administrative burden for schools to comply with the School Code.

Notable issues likely to return in future sessions

- Department of Corrections nursing scholarship: HB 5475 (Lilly) passed the House, and the sponsor hopes that it will pass the Senate during the fall Veto Session. The bill is a Department of Corrections initiative that would create a Nursing in Correctional Facilities Scholarship, administered by ISAC. Recipients would be required to commit to working as a nurse in a correctional facility for a period of time after graduation, or they would be required to repay their scholarships with interest. The program would be implemented only if funded, and the Act currently has a July 1, 2025, effective date.
- Direct admissions program: This IBHE initiative meant to reduce college access barriers for students stalled this spring but is expected to return after more of the concept's logistical details can be resolved. While the proposal (SB 3722 - Lightford and HB 5453 -Ammons) never had a hearing in committee, IBHE negotiated with public universities and with K-12 school management groups and plans to continue this summer to try to resolve outstanding questions about data-sharing and student data privacy. In summary, IBHE proposes that they, in collaboration with ICCB, ISAC, and ISBE, establish a program to automatically offer public university admission to qualified high school seniors and to public community college students who may wish to transfer. Under the program, a public university would be required to offer admission to any Illinois student who meets the public university's basic standards for admission, even if the student has not yet applied to the institution.
- Stipends and other pay for experiential, pre-professional learning: Several proposals this spring dealt with financial support for college students engaged in pre-professional learning experiences such as student teaching, internships for future school support personnel (HB 5492 – Mussman), and clinical nursing experiences (SB 3703 – Faraci). Of these, only one (HB 4652 – B. Hernandez) passed the House: a program, to be administered by IBHE, to pay student teachers. The bill could be considered by the Senate in a future session.
- Debt relief for recipients of grants that have become loans: HB 5482 (Gonzalez) would have directed ISAC to release from their repayment obligations any recipient of a scholarship, grant, or waiver that has been or may be converted to a student loan under a state program for which the Commission is responsible for collections. The agency will

continue to explore this concept as well as other options for providing relief or flexibility to those with outstanding debts who may have difficulty in repaying.

- Scholarship program for Western Governors University: While no legislation was ultimately filed, lobbyists worked behind the scenes to try to establish a scholarship program explicitly for adult students in online college programs. The proposal from Western Governors University, a private, not-for-profit institution based in Utah, would have departed from typical ISAC programming by funding postsecondary attendance at institutions based outside Illinois, as well as by allowing the institutions themselves rather than ISAC to determine eligibility. Illinois institutions, including public universities, private not-for-profits, and community colleges, were vociferous in their opposition, and no such legislation ultimately emerged.

FY25 Budget Highlights

Senate Bill 251 (Sims/Gordon-Booth, Now Public Act 103-0589) contains the FY25 spending plan, and House Bill 4959 (Gabel/Sims, Now Public Act 103-0588) is the accompanying budget implementation bill (or BIMP), which makes statutory changes to put the FY25 budget into effect. Highlights of the two bills, as they affect the Commission's work, are below:

- **Agency operating funds:** The Commission requested and received more funding in two critical lines that support the everyday functions of the agency: The Agency Operations line and the Outreach, Research, and Training line will receive increases of \$840,000 each, for a total of \$7,840,000 per line.
- **Monetary Award Program:** A \$10 million increase will raise funding for MAP grants to \$711,566,200. Modeling suggests that this additional investment could allow ISAC to serve about two thousand more students than in the current fiscal year, or a total of around 146,000 students. The budget also includes language allowing the agency to use up to 2% of MAP funding, if needed, for operating costs.
- **ECACE Scholarship:** The FY25 budget includes \$5 million for the Early Childhood Access Consortium for Equity (ECACE) Scholarship, and the BIMP establishes in state law that ISAC will administer the program in collaboration with IBHE and ICCB. With significantly less funding than was available when the program was launched with federal dollars in FY22, the program will not be able to serve all the students who received a scholarship this year and would like to renew. The agencies anticipate focusing the available funds on returning students who have financial need, likely undergraduates.
- **Prepare for Illinois' Future test preparation program:** ISAC was first appropriated \$10 million for this program in FY24. Under the program, the agency will manage one or more vendors who will provide students at eligible institutions with access to preparation services for graduate and professional school entrance exams (GRE, MCAT, LSAT, etc.) as well as

licensure exams for fields like teaching and nursing. While a portion of the program was implemented in FY24 for students pursuing teacher licensure, the procurement process is still underway for a vendor to administer the bulk of the program. The FY25 budget re-appropriates the *remainder* of the original FY24 funding to ISAC; this will allow the agency until the end of FY25 to spend what is left from the original \$10 million allotted for the program.

- **Illinois Veteran Grant and Illinois National Guard Grant (IVG and ING):** For the first time since FY12, the budget includes funding through ISAC to reimburse public institutions for some of the tuition and fees that they waive on behalf of eligible veterans and Guard members. Unlike in years past, when IVG and ING each had a separate line item and ISAC used the funds to pay both public university and community college claims, this appropriation for \$6 million is written as a reimbursement for both IVG and ING, only at the public universities. As has been the case for several years, a separate appropriation of \$4,264,200 to ICCB is intended to pay community college claims.
- **iGROW Tech Scholarship:** This initiative of the Chicagoland Chamber of Commerce became law last year and will receive \$2 million in the FY25 budget, allowing the program to be launched for 2024-25. iGROW will provide scholarships to students in IT and related fields.
- **Human Services Professional Loan Repayment Program:** This new loan repayment program was created during a previous session but was not funded. A funding source was recently identified at the Illinois Department of Healthcare and Family Services, and \$5 million from that agency is now expected to be available for the program in FY25. Another \$250,000 is appropriated for the program from the state's Education Assistance Fund.
- **Community Behavioral Health Care Professional Loan Repayment Program:** The Illinois Department of Human Services, which funds this program, informed ISAC earlier this spring that \$7.5 million was expected to be available in FY25. The budget bill authorizes ISAC to spend at that new, higher level.
- **Scratch-off lottery ticket programs:** The budget grants authority to transfer up to \$2.5 million each to UNCF Illinois and the Illinois DREAM Fund Commission to support scholarship programs for Illinois students. The actual amount available to transfer may be lower; it will be determined by the Department of the Lottery based on the sales of specialty lotto scratch-off tickets.

Other programs will receive FY25 funding at the same level as the current fiscal year, as follows:

- **AIM HIGH:** \$50 million
- **Minority Teachers of Illinois:** \$8 million
- **Golden Apple Scholars:** \$10.75 million (plus \$1.3 million reappropriated federal funding)
- **Golden Apple Accelerators:** \$5 million (plus \$1.3 million reappropriated federal funding)

- **Illinois Teachers Loan Repayment Program: \$975,000**
- **Grant and loan repayment programs for specified social workers: \$6 million**
- **Grant Program for Dependents of Police, Fire, and Correctional Workers: \$1.3 million**
- **Grant program for exonerees: \$150,000**
- **Veterans' Home Medical Providers Loan Repayment Program: \$26,400**
- **Nurse Educator Loan Repayment Program: \$500,000**
- **Nursing Education Scholarship Program: \$4 million**
- **Displaced Energy Worker Dependent Transition Scholarship: \$1.1 million**
- **Optometric Education Scholarship: \$50,000**
- **Higher Education License Plate program: \$110,000**
- **NDIGO Foundation grant for internships in communications: \$550,000**