



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4205

Introduced 1/5/2022, by Rep. Katie Stuart - Barbara Hernandez

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 105/5.970 new

Creates the Loan Repayment Assistance Act. Requires the Illinois Student Assistance Commission to establish and administer a Loan Repayment Assistance Program for the purpose of providing loan repayment assistance to eligible applicants living and working in this State who have graduated from a high school located in this State and an institution of higher education located in this State or another state. On an annual basis, requires the Commission to receive and consider applications for loan repayment assistance under the Program and provide assistance if the Commission finds that the applicant (i) has graduated from a high school located in this State and from an institution of higher education located in this State or in another state as an undergraduate student with a cumulative grade point average of a 4.0 on a 4.0 scale, (ii) has been a resident of this State for at least 4 years after graduating from the institution of higher education, (iii) has been employed in this State for at least 4 years after graduating from the institution of higher education, and (iv) has eligible debt in grace or repayment status. Provides for the maximum amount of loan repayment assistance that may be provided. Provides that funds shall be distributed subject to the availability of appropriations. Sets forth requirements for loan forgiveness. Sets forth provisions concerning administration of the Program, ineligibility and the termination of funds, and other Commission powers. Amends the State Finance Act to create the Loan Repayment Assistance Fund as a special fund in the State treasury. Effective immediately.

LRB102 20563 CMG 29431 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Loan
5 Repayment Assistance Act.

6 Section 5. Definitions. In this Act:

7 "Commission" means the Illinois Student Assistance
8 Commission.

9 "Eligible debt" means outstanding principal, interest, and
10 related fees from loans obtained for undergraduate higher
11 educational expenses made by government or commercial lending
12 institutions or educational institutions. "Eligible debt"
13 excludes loans made by a private individual or family member.

14 "Program" means the Loan Repayment Assistance Program.

15 "Institution of higher education" or "institution" has the
16 meaning set forth in the Higher Education Housing and
17 Opportunities Act.

18 Section 10. Loan Repayment Assistance Program.

19 (a) The Commission shall establish and administer a Loan
20 Repayment Assistance Program for the purpose of providing loan
21 repayment assistance to eligible applicants living and working
22 in this State who have graduated from (i) a high school located

1 in this State and (ii) an institution of higher education
2 located in this State or another state.

3 (b) The Loan Repayment Assistance Fund is created as a
4 special fund in the State treasury. The Fund shall consist of
5 all money appropriated to the Fund and all money remitted to
6 the Commission under the terms of this Act. All money in the
7 Fund shall be used, subject to appropriation, by the
8 Commission for the purposes of this Act.

9 (c) Subject to the availability of appropriations and
10 subsections (d) and (e) of this Section, the Commission shall
11 distribute funds to eligible applicants.

12 (d) The Commission is authorized to adopt all rules,
13 policies, and procedures necessary or convenient for the
14 administration of the Program and prescribe all terms and
15 conditions applicable to payments made under this Act.

16 (e) The Commission shall administer the Program,
17 including, but not limited to, establishing and implementing
18 the following:

19 (1) An application process. Subject to the
20 availability of appropriations, the Commission shall, each
21 year, consider applications by eligible applicants for
22 loan repayment assistance under the Program.

23 (2) Eligibility requirements. The Commission shall, on
24 an annual basis, receive and consider applications for
25 loan repayment assistance under the Program and provide
26 assistance if the Commission finds that the applicant:

1 (A) has graduated from:
2 (i) a high school located in this State; and
3 (ii) an institution of higher education
4 located in this State or another state as an
5 undergraduate student with a cumulative grade
6 point average of a 4.0 on a 4.0 scale (or the
7 equivalent as determined by the Commission);

8 (B) has been a resident of this State for at least
9 4 years after graduating from the institution;

10 (C) has been employed in this State for at least 4
11 years after graduating from the institution; and

12 (D) has eligible debt in grace or repayment
13 status.

14 (3) A maximum amount of loan repayment assistance for
15 each participant, which shall be:

16 (A) \$6,000 per year, up to a maximum of \$30,000
17 during the participant's career, if the participant
18 graduated from an institution of higher education
19 located in this State; or

20 (B) \$3,000 per year, up to a maximum of \$15,000
21 during the participant's career, if the participant
22 graduated from an institution of higher education
23 located in another state.

24 (4) Prioritization. The Commission shall develop
25 criteria for prioritization among eligible applicants if
26 there are insufficient funds available to make payments to

1 all eligible applicants under this Act. The prioritization
2 criteria shall include the timeliness of the application,
3 the applicant's salary level, the amount of the
4 applicant's eligible debt, the availability of other loan
5 repayment assistance to the applicant, the applicant's
6 length of employment, and the applicant's prior
7 participation in the Program.

8 (f) The distribution of funds available after
9 administrative costs must be made by the Commission to
10 eligible applicants in the following manner:

11 (1) Loan repayment assistance must be in the form of a
12 forgivable loan.

13 (2) To have the loan forgiven, the participant shall
14 (i) complete a year of residence and employment in this
15 State and (ii) make educational debt payments (interest or
16 principal or both) that equal at least the amount of
17 assistance received under the Program during the
18 assistance year.

19 (3) Each loan must be documented by means of a
20 promissory note executed by the borrower in a form
21 provided by the Commission and shall be forgiven when the
22 participant meets the requirements set forth by the
23 Commission.

24 Section 15. Ineligibility and termination of funds. If a
25 participant becomes ineligible during the term of a loan

1 received from the Commission, the participant must repay the
2 outstanding amount of the loan received from the Commission.
3 However, the Commission may, in its discretion, forgive the
4 loan of a participant in whole or in part in certain
5 circumstances as set forth in the Commission's written
6 policies and guidelines.

7 Section 20. Other powers. The Commission may make, enter
8 into, and execute contracts, agreements, leases, and other
9 instruments with any person, including without limitation any
10 federal, State, or local governmental agency, and may take
11 other actions that may be necessary or convenient to
12 accomplish any purpose authorized by this Act.

13 Section 90. The State Finance Act is amended by adding
14 Section 5.970 as follows:

15 (30 ILCS 105/5.970 new)

16 Sec. 5.970. The Loan Repayment Assistance Fund.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.