

SB3991



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3991

Introduced 1/21/2022, by Sen. Cristina H. Pacione-Zayas

SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.8

Amends the State Treasurer Act. Makes changes concerning the Illinois Higher Education Savings Program. Provides that the State Treasurer may make supplementary deposits to children in financially insecure households if sufficient funds are available. Provides that the State Treasurer shall annually prepare a report that includes a summary of the Program operations for the preceding fiscal year, including, among other items, the rate of seed deposits claimed, and, to the extent data is reported and available, the racial, ethnic, socioeconomic, and geographic data of beneficiaries and of children in financially insecure households who may receive automatic bonus deposits. Provides that such other information that is relevant to make a full disclosure of the operations of the Program and Fund may also be reported. Makes conforming changes.

LRB102 25847 RJF 35196 b

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 5. The State Treasurer Act is amended by changing
5 Section 16.8 as follows:

6 (15 ILCS 505/16.8)

7 Sec. 16.8. Illinois Higher Education Savings Program.

8 (a) Definitions. As used in this Section:

9 "Beneficiary" means an eligible child named as a recipient
10 of seed funds.

11 "Eligible child" means a child born or adopted after
12 December 31, 2022, to a parent who is a resident of Illinois at
13 the time of the birth or adoption, as evidenced by
14 documentation received by the Treasurer from the Department of
15 Revenue, the Department of Public Health, or another State or
16 local government agency.

17 "Eligible educational institution" means institutions that
18 are described in Section 1001 of the federal Higher Education
19 Act of 1965 that are eligible to participate in Department of
20 Education student aid programs.

21 "Fund" means the Illinois Higher Education Savings Program
22 Fund.

23 "Omnibus account" means the pooled collection of seed

1 funds owned and managed by the State Treasurer in the College
2 Savings Pool under this Act.

3 "Program" means the Illinois Higher Education Savings
4 Program.

5 "Qualified higher education expense" means the following:

6 (i) tuition, fees, and the costs of books, supplies, and
7 equipment required for enrollment or attendance at an eligible
8 educational institution; (ii) expenses for special needs
9 services, in the case of a special needs beneficiary, which
10 are incurred in connection with such enrollment or attendance;
11 (iii) certain expenses for the purchase of computer or
12 peripheral equipment, computer software, or Internet access
13 and related services as defined under Section 529 of the
14 Internal Revenue Code; (iv) room and board expenses incurred
15 while attending an eligible educational institution at least
16 half-time; (v) expenses for fees, books, supplies, and
17 equipment required for the participation of a designated
18 beneficiary in an apprenticeship program registered and
19 certified with the Secretary of Labor under the National
20 Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as
21 principal or interest on any qualified education loan of the
22 designated beneficiary or a sibling of the designated
23 beneficiary, as allowed under Section 529 of the Internal
24 Revenue Code.

25 "Seed funds" means the deposit made by the State Treasurer
26 into the Omnibus Accounts for Program beneficiaries.

1 (b) Program established. The State Treasurer shall
2 establish the Illinois Higher Education Savings Program as a
3 part of the College Savings Pool under Section 16.5 of this
4 Act, subject to appropriation by the General Assembly. The
5 State Treasurer shall administer the Program for the purposes
6 of expanding access to higher education through savings.

7 (c) Program enrollment. The State Treasurer shall enroll
8 all eligible children in the Program beginning in 2023, after
9 receiving records of recent births, adoptions, or dependents
10 from the Department of Revenue, the Department of Public
11 Health, or another State or local government agency designated
12 by the Treasurer. Notwithstanding any court order which would
13 otherwise prevent the release of information, the Department
14 of Public Health is authorized to release the information
15 specified under this subsection (c) to the State Treasurer for
16 the purposes of the Program established under this Section.

17 (1) Beginning in 2021, the Department of Public Health
18 shall provide the State Treasurer with information on
19 recent Illinois births and adoptions including, but not
20 limited to: the full name, residential address, birth
21 date, and birth record number of the child and the full
22 name and residential address of the child's parent or
23 legal guardian for the purpose of enrolling eligible
24 children in the Program. This data shall be provided to
25 the State Treasurer by the Department of Public Health on
26 a quarterly basis, no later than 30 days after the end of

1 each quarter, or some other date and frequency as mutually
2 agreed to by the State Treasurer and the Department of
3 Public Health.

4 (1.5) Beginning in 2021, the Department of Revenue
5 shall provide the State Treasurer with information on tax
6 filers claiming dependents or the adoption tax credit
7 including, but not limited to: the full name, residential
8 address, email address, phone number, birth date, and
9 social security number or taxpayer identification number
10 of the dependent child and of the child's parent or legal
11 guardian for the purpose of enrolling eligible children in
12 the Program. This data shall be provided to the State
13 Treasurer by the Department of Revenue on at least an
14 annual basis, by July 1 of each year or another date
15 jointly determined by the State Treasurer and the
16 Department of Revenue. Notwithstanding anything to the
17 contrary contained within this paragraph (2), the
18 Department of Revenue shall not be required to share any
19 information that would be contrary to federal law,
20 regulation, or Internal Revenue Service Publication 1075.

21 (2) The State Treasurer shall ensure the security and
22 confidentiality of the information provided by the
23 Department of Revenue, the Department of Public Health, or
24 another State or local government agency, and it shall not
25 be subject to release under the Freedom of Information
26 Act.

1 (3) Information provided under this Section shall only
2 be used by the State Treasurer for the Program and shall
3 not be used for any other purpose.

4 (4) The State Treasurer and any vendors working on the
5 Program shall maintain strict confidentiality of any
6 information provided under this Section, and shall
7 promptly provide written or electronic notice to the
8 providing agency of any security breach. The providing
9 State or local government agency shall remain the sole and
10 exclusive owner of information provided under this
11 Section.

12 (d) Seed funds. After receiving information on recent
13 births, adoptions, or dependents from the Department of
14 Revenue, the Department of Public Health, or another State or
15 local government agency, the State Treasurer shall make
16 deposits into an omnibus account on behalf of eligible
17 children. The State Treasurer shall be the owner of the
18 omnibus accounts.

19 (1) Deposit amount. The seed fund deposit for each
20 eligible child shall be in the amount of \$50. This amount
21 may be increased by the State Treasurer by rule. The State
22 Treasurer may use or deposit funds appropriated by the
23 General Assembly together with moneys received as gifts,
24 grants, or contributions into the Fund. If insufficient
25 funds are available in the Fund, the State Treasurer may
26 reduce the deposit amount or forego deposits.

1 (2) Use of seed funds. Seed funds, including any
2 interest, dividends, and other earnings accrued, will be
3 eligible for use by a beneficiary for qualified higher
4 education expenses if:

5 (A) the parent or guardian of the eligible child
6 claimed the seed funds for the beneficiary by the
7 beneficiary's 10th birthday;

8 (B) the beneficiary has completed secondary
9 education or has reached the age of 18; and

10 (C) the beneficiary is currently a resident of the
11 State of Illinois. Non-residents are not eligible to
12 claim or use seed funds.

13 (3) Notice of seed fund availability. The State
14 Treasurer shall make a good faith effort to notify
15 beneficiaries and their parents or legal guardians of the
16 seed funds' availability and the deadline to claim such
17 funds.

18 (4) Unclaimed seed funds. Seed funds and any interest
19 earnings that are unclaimed by the beneficiary's 10th
20 birthday or unused by the beneficiary's 26th birthday will
21 be considered forfeited. Unclaimed and unused seed funds
22 and any interest earnings will remain in the omnibus
23 account for future beneficiaries.

24 (e) Financial education. The State Treasurer may develop
25 educational materials that support the financial literacy of
26 beneficiaries and their legal guardians, and may do so in

1 collaboration with State and federal agencies, including, but
2 not limited to, the Illinois State Board of Education and
3 existing nonprofit agencies with expertise in financial
4 literacy and education.

5 (f) Supplementary deposits and partnerships. The State
6 Treasurer may make supplementary deposits to children in
7 financially insecure households if sufficient funds are
8 available. Furthermore, the ~~Incentives and partnerships. The~~
9 State Treasurer may develop partnerships with private,
10 nonprofit, or governmental organizations to provide additional
11 savings incentives, including conditional cash transfers or
12 matching contributions that provide a savings incentive based
13 on specific actions taken or other criteria.

14 (g) Illinois Higher Education Savings Program Fund. The
15 Illinois Higher Education Savings Program Fund is hereby
16 established as a special fund in the State treasury. The Fund
17 shall be the official repository of all contributions,
18 appropriated funds, interest, and dividend payments, gifts, or
19 other financial assets received by the State Treasurer in
20 connection with the operation of the Program or related
21 partnerships. All such moneys shall be deposited in the Fund
22 and held by the State Treasurer as custodian thereof. The
23 State Treasurer may accept gifts, grants, awards, matching
24 contributions, interest income, and appropriated funds from
25 individuals, businesses, governments, and other third-party
26 sources to implement the Program on terms that the Treasurer

1 deems advisable. All interest or other earnings accruing or
2 received on amounts in the Illinois Higher Education Savings
3 Program Fund shall be credited to and retained by the Fund and
4 used for the benefit of the Program. Assets of the Fund must at
5 all times be preserved, invested, and expended only for the
6 purposes of the Program and must be held for the benefit of the
7 beneficiaries. Assets may not be transferred or used by the
8 State or the State Treasurer for any purposes other than the
9 purposes of the Program. In addition, no moneys, interest, or
10 other earnings paid into the Fund shall be used, temporarily
11 or otherwise, for inter-fund borrowing or be otherwise used or
12 appropriated except as expressly authorized by this Act.
13 Notwithstanding the requirements of this subsection (g),
14 amounts in the Fund may be used by the State Treasurer to pay
15 the administrative costs of the Program.

16 (h) Audits and reports. The State Treasurer shall include
17 the Illinois Higher Education Savings Program as part of the
18 audit of the College Savings Pool described in Section 16.5.
19 The State Treasurer shall annually prepare a report that
20 includes a summary of the Program operations for the preceding
21 fiscal year, including the number of children enrolled in the
22 Program, the total amount of seed fund deposits, the rate of
23 seed deposits claimed, and, to the extent data is reported and
24 available, the racial, ethnic, socioeconomic, and geographic
25 data of beneficiaries and of children in financially insecure
26 households who may receive automatic bonus deposits. Such

1 other information that is relevant to make a full disclosure
2 of the operations of the Program and Fund may also be reported
3 ~~and such other information that is relevant to make a full~~
4 ~~disclosure of the operations of the Program and Fund.~~ The
5 report shall be made available on the Treasurer's website by
6 January 31 each year, starting in January of 2024. The State
7 Treasurer may include the Program in other reports as
8 warranted.

9 (i) Rules. The State Treasurer may adopt rules necessary
10 to implement this Section.

11 (Source: P.A. 101-466, eff. 1-1-20; 102-129, eff. 7-23-21;
12 102-558, eff. 8-20-21.)