

1 AN ACT concerning higher education.

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

4 Section 5. The State Comptroller Act is amended by
5 changing Section 10.05 as follows:

6 (15 ILCS 405/10.05) (from Ch. 15, par. 210.05)

7 Sec. 10.05. Deductions from warrants; statement of
8 reason for deduction. Whenever any person shall be entitled
9 to a warrant or other payment from the treasury or other
10 funds held by the State Treasurer, on any account, against
11 whom there shall be any account or claim in favor of the
12 State, then due and payable, the Comptroller, upon
13 notification thereof, shall ascertain the amount due and
14 payable to the State, as aforesaid, and draw a warrant on the
15 treasury or on other funds held by the State Treasurer,
16 stating the amount for which the party was entitled to a
17 warrant or other payment, the amount deducted therefrom, and
18 on what account, and directing the payment of the balance;
19 which warrant or payment as so drawn shall be entered on the
20 books of the Treasurer, and such balance only shall be paid.
21 The Comptroller may deduct the entire amount due and payable
22 to the State or may deduct a portion of the amount due and
23 payable to the State in accordance with the request of the
24 notifying agency. No request from a notifying agency for an
25 amount to be deducted under this Section from a wage or
26 salary payment, or from a contractual payment to an
27 individual for personal services, shall exceed 25% of the net
28 amount of such payment. "Net amount" means that part of the
29 earnings of an individual remaining after deduction of any
30 amounts required by law to be withheld. For purposes of this
31 provision, wage, salary or other payments for personal

1 services shall not include final compensation payments for
2 the value of accrued vacation, overtime or sick leave.
3 Whenever the Comptroller draws a warrant or makes a payment
4 involving a deduction ordered under this Section, the
5 Comptroller shall notify the payee and the State agency that
6 submitted the voucher of the reason for the deduction and he
7 or she shall retain a record of such statement in his or her
8 records. As used in this Section, an "account or claim in
9 favor of the State" includes all amounts owing to "State
10 agencies" as defined in Section 7 of this Act. However, the
11 Comptroller shall not be required to accept accounts or
12 claims owing to funds not held by the State Treasurer, where
13 such accounts or claims do not exceed \$50, nor shall the
14 Comptroller deduct from funds held by the State Treasurer
15 under the Senior Citizens and Disabled Persons Property Tax
16 Relief and Pharmaceutical Assistance Act or for payments to
17 institutions from the Illinois Prepaid Tuition Trust Fund.
18 The Comptroller and the Department of the Lottery shall enter
19 into an interagency agreement to establish responsibility,
20 duties, and procedures relating to deductions from lottery
21 prizes awarded under Section 20.1 of the Illinois Lottery
22 Law.

23 (Source: P.A. 90-37, eff. 6-27-97.)

24 Section 10. The Illinois Prepaid Tuition Act is amended
25 by changing Sections 10, 35, and 45 as follows:

26 (110 ILCS 979/10)

27 Sec. 10. Definitions. In this Act:

28 "Illinois public university" means the University of
29 Illinois, Illinois State University, Chicago State
30 University, Governors State University, Southern Illinois
31 University, Northern Illinois University, Eastern Illinois
32 University, Western Illinois University, or Northeastern

1 Illinois University.

2 "Illinois community college" means a public community
3 college as defined in Section 1-2 of the Public Community
4 College Act.

5 "MAP-eligible institution" means a public institution of
6 higher education or a nonpublic institution of higher
7 education whose students are eligible to receive need-based
8 student financial assistance through State Monetary Award
9 Program (MAP) grants administered by the Illinois Student
10 Assistance Commission under the Higher Education Student
11 Assistance Act and whose students also are eligible to
12 receive benefits under Section 529(a) of the Internal Revenue
13 Code of 1986, as specified by the federal Small Business Act
14 of 1996 and subsequent amendments to this federal law.

15 "Illinois prepaid tuition contract" or "contract" means a
16 contract entered into between the State and a Purchaser under
17 Section 45 to provide for the higher education of a qualified
18 beneficiary.

19 "Illinois prepaid tuition program" or "program" means the
20 program created in Section 15.

21 "Purchaser" means a person who makes or has contracted to
22 make payments under an Illinois prepaid tuition contract.

23 "Public institution of higher education" means an
24 Illinois public university or Illinois community college.

25 "Nonpublic institution of higher education" means any
26 MAP-eligible educational organization, other than a public
27 institution of higher education, that provides a minimum of
28 an organized 2-year program at the postsecondary level and
29 that operates in conformity with standards substantially
30 equivalent to those of public institutions of higher
31 education. ~~"Nonpublic institution of higher education" does
32 not include any educational organization used principally for
33 sectarian instruction, as a place of religious teaching or
34 worship, or for any religious denomination for the training~~

1 ~~of-ministers,-rabbis,-or-other-professional--persons--in--the~~
2 ~~field-of-religion.~~

3 "Qualified beneficiary" means (i) anyone who has been a
4 resident of this State for at least 12 months prior to the
5 date of the contract, or (ii) a nonresident, so long as the
6 purchaser has been a resident of the State for at least 12
7 months prior to the date of the contract, or (iii) any person
8 less than one year of age whose parent or legal guardian has
9 been a resident of this State for at least 12 months prior to
10 the date of the contract.

11 "Tuition" means the quarter or semester charges imposed
12 on a qualified beneficiary to attend a MAP-eligible
13 institution.

14 "Mandatory Fees" means those quarter or semester fees
15 imposed upon all students enrolled at a MAP-eligible
16 institution.

17 "Registration Fees" means the charges derived by
18 combining tuition and mandatory fees.

19 "Contract Unit" means 15 credit hours of instruction at a
20 MAP-eligible institution.

21 "Panel" means the investment advisory panel created under
22 Section 20.

23 "Commission" means the Illinois Student Assistance
24 Commission.

25 (Source: P.A. 90-546, eff. 12-1-97; 91-669, eff. 1-1-00.)

26 (110 ILCS 979/35)

27 Sec. 35. Illinois Prepaid Tuition Trust Fund.

28 (a) The Illinois Prepaid Tuition Trust Fund is created
29 as the repository of all moneys received by the Commission in
30 conjunction with the Illinois prepaid tuition program. The
31 Illinois Prepaid Tuition Trust Fund also shall be the
32 official repository of all contributions, appropriations,
33 interest and dividend payments, gifts, or other financial

1 assets received by the Commission in connection with
2 operation of the Illinois prepaid tuition program. All such
3 moneys shall be deposited in the Illinois Prepaid Tuition
4 Trust Fund and held by the State Treasurer as ex-officio
5 custodian thereof, outside of the State Treasury, separate
6 and apart from all public moneys or funds of this State.

7 All interest or other earnings accruing or received on
8 amounts in the Illinois Prepaid Tuition Trust Fund shall be
9 credited to and retained by the Fund. Moneys, interest, or
10 other earnings paid into the Fund shall not be transferred or
11 allocated by the Commission, the State Treasurer, or the
12 State Comptroller to any other fund, nor shall the Governor
13 authorize any such transfer or allocation, while any
14 contracts are outstanding. The State Comptroller shall not
15 offset moneys paid to institutions from the Illinois Prepaid
16 Tuition Trust Fund. In addition, no moneys, interest, or
17 other earnings paid into the Fund shall be used, temporarily
18 or otherwise, for interfund borrowing or be otherwise used or
19 appropriated except as expressly authorized in this Act.

20 The Illinois Prepaid Tuition Trust Fund and each
21 individual participant account that may be created in that
22 Fund in conjunction with the Illinois prepaid tuition program
23 shall be subject to audit in the same manner as funds and
24 accounts belonging to the State of Illinois and shall be
25 protected by the official bond given by the State Treasurer.

26 (b) The Commission from time to time shall direct the
27 State Treasurer to invest moneys in the Illinois Prepaid
28 Tuition Trust Fund that are not needed for immediate
29 disbursement, in accordance with provisions of the investment
30 plan approved by the Commission.

31 (c) The Executive Director of the Commission shall, at
32 such times and in such amounts as shall be necessary, prepare
33 and send to the State Comptroller vouchers requesting payment
34 from the Illinois Prepaid Tuition Trust Fund for: (i) tuition

1 and fee payments to MAP-eligible institutions on behalf of
2 qualified beneficiaries of Illinois prepaid tuition
3 contracts, and (ii) payments associated with administration
4 of the Illinois prepaid tuition program.

5 (d) The Governor shall indicate in a separate document
6 submitted concurrent with each annual State budget the
7 estimated amount of moneys in the Illinois Prepaid Tuition
8 Trust Fund which shall be necessary and sufficient, during
9 that State fiscal year, to discharge all obligations
10 anticipated under Illinois prepaid tuition contracts. The
11 Governor also shall indicate in a separate document submitted
12 concurrent with each annual State budget the amount of moneys
13 from the Illinois Prepaid Tuition Trust Fund necessary to
14 cover anticipated expenses associated with administration of
15 the program. The Commission shall obtain concurrence from a
16 nationally recognized actuary as to all amounts necessary for
17 the program to meet its obligations. These amounts shall be
18 certified annually to the Governor by the Commission no later
19 than January 30.

20 During the first 18 months of operation of the Illinois
21 prepaid tuition program, the Governor shall request an
22 appropriation to the Commission from general funds sufficient
23 to pay for start-up costs associated with establishment of
24 the program. This appropriation constitutes a loan that shall
25 be repaid to the General Revenue Fund within 5 years by the
26 Commission from prepaid tuition program contributions.
27 Subsequent program administrative costs shall be provided
28 from reasonable fees and charges equitably assessed to
29 purchasers of prepaid tuition contracts.

30 (e) If the Commission determines that there are
31 insufficient moneys in the Illinois Prepaid Tuition Trust
32 Fund to pay contractual obligations in the next succeeding
33 fiscal year, the Commission shall certify the amount
34 necessary to meet these obligations to the Board of Higher

1 Education, the Governor, the President of the Senate, and the
2 Speaker of the House of Representatives. The Governor shall
3 submit the amount so certified to the General Assembly as
4 soon as practicable, but no later than the end of the current
5 State fiscal year.

6 (f) In the event the Commission, with the concurrence of
7 the Governor, determines the program to be financially
8 infeasible, the Commission may discontinue, prospectively,
9 the operation of the program. Any qualified beneficiary who
10 has been accepted by and is enrolled or will within 5 years
11 enroll at a MAP-eligible institution shall be entitled to
12 exercise the complete benefits specified in the Illinois
13 prepaid tuition contract. All other contract holders shall
14 receive an appropriate refund of all contributions and
15 accrued interest up to the time that the program is
16 discontinued.

17 (Source: P.A. 90-546, eff. 12-1-97.)

18 (110 ILCS 979/45)

19 Sec. 45. Illinois prepaid tuition contracts.

20 (a) The Commission may enter into an Illinois prepaid
21 tuition contract with a purchaser under which the Commission
22 contracts on behalf of the State to pay full tuition and
23 mandatory fees at an Illinois public university or Illinois
24 community college for a qualified beneficiary to attend the
25 MAP-eligible institution to which the qualified beneficiary
26 is admitted. Each contract shall contain terms, conditions,
27 and provisions that the Commission determines to be necessary
28 for ensuring the educational objectives and sustainable
29 financial viability of the Illinois prepaid tuition program.

30 (b) Each contract shall have one designated purchaser
31 and one designated qualified beneficiary. Unless otherwise
32 specified in the contract, the purchaser owns the contract
33 and retains any tax liability for its assets only until the

1 first distribution of benefits. Once a partial benefit of the
2 contract has been disbursed, any tax liability attributable
3 to the contract and its assets becomes a tax liability of the
4 qualified beneficiary, unless otherwise specified in the
5 contract. Contracts shall be purchased in units of 15 credit
6 hours at any MAP-eligible institution.

7 (c) Without exception, benefits may be received by a
8 qualified beneficiary of an Illinois prepaid tuition contract
9 no earlier than 3 years from the date the contract is
10 purchased.

11 (d) A prepaid tuition contract shall contain, but is not
12 limited to, provisions for (i) refunds or withdrawals in
13 certain circumstances, with or without interest or penalties;
14 (ii) conversion of the contract at the time of distribution
15 from accrued prepayment value at one type of MAP-eligible
16 institution to the accrued prepayment value at a different
17 type of MAP-eligible institution; (iii) portability of the
18 accrued value of the prepayment value for use at an
19 out-of-state higher education institution; (iv)
20 transferability of the contract benefits within the qualified
21 beneficiary's immediate family; and (v) a specified benefit
22 period during which the contract may be redeemed.

23 (e) Each Illinois prepaid tuition contract also shall
24 contain, at minimum, all of the following:

25 (1) The amount of payment or payments and the
26 number of payments required from a purchaser on behalf of
27 a qualified beneficiary.

28 (2) The terms and conditions under which purchasers
29 shall remit payments, including, but not limited to, the
30 date or dates upon which each payment shall be due.

31 (3) Provisions for late payment charges and for
32 default.

33 (4) Provisions for penalty fees payable incident to
34 an authorized withdrawal.

1 (5) The name, date of birth, and social security
2 number of the qualified beneficiary on whose behalf the
3 contract is drawn and the terms and conditions under
4 which the contract may be transferred to another
5 qualified beneficiary.

6 (6) The name and social security number of any
7 person who may terminate the contract, together with
8 terms that specify whether the contract may be terminated
9 by the purchaser, the qualified beneficiary, a specific
10 designated person, or any combination of these persons.

11 (7) The terms and conditions under which a contract
12 may be terminated, the name and social security number of
13 the person entitled to any refund due as a result of the
14 termination of the contract pursuant to those terms and
15 conditions, and the method for determining the amount of
16 a refund.

17 (8) The time limitations, if any, within which the
18 qualified beneficiary must claim his or her benefits
19 through the program.

20 (9) Other terms and conditions determined by the
21 Commission to be appropriate.

22 (f) In addition to the contract provisions set forth in
23 subsection (e), each Illinois prepaid tuition contract shall
24 include:

25 (1) The number of credit hours contracted by the
26 purchaser.

27 (2) The type of MAP-eligible institution and the
28 prepaid tuition plan toward which the credit hours shall
29 be applied.

30 (3) The explicit contractual obligation of the
31 Commission to the qualified beneficiary to provide a
32 specific number of credit hours of undergraduate
33 instruction at a MAP-eligible institution, not to exceed
34 the maximum median number of credit hours required for

1 the conference of a degree that corresponds to the plan
2 purchased on behalf of the qualified beneficiary.

3 (g) The Commission shall indicate by rule the conditions
4 under which refunds are payable to a contract purchaser.
5 Generally, no refund shall exceed the amount paid into the
6 Illinois Prepaid Tuition Trust Fund by the purchaser. In the
7 event that a contract is converted from a Public University
8 Plan described in subsection (j) of this Section to a
9 Community College Plan described in subsection (k) of this
10 Section, the refund amount shall be reduced by the amount
11 transferred to the Illinois community college on behalf of
12 the qualified beneficiary. Except where the Commission may
13 otherwise rule, refunds may exceed the amount paid into the
14 Illinois Prepaid Tuition Trust Fund only under the following
15 circumstances:

16 (1) If the qualified beneficiary is awarded a grant
17 or scholarship at a public institution of higher
18 education, the terms of which duplicate the benefits
19 included in the Illinois prepaid tuition contract, then
20 moneys paid for the purchase of the contract shall be
21 returned to the purchaser, upon request, in semester
22 installments that coincide with the matriculation by the
23 qualified beneficiary, in an amount equal to the current
24 cost of tuition and mandatory fees at the MAP-eligible
25 institution where the qualified beneficiary is enrolled.

26 (1.5) If the qualified beneficiary is awarded a
27 grant or scholarship while enrolled at either a
28 MAP-eligible nonpublic institution of higher education or
29 an eligible public or private out-of-state higher
30 education institution, the terms of which duplicate the
31 benefits included in the Illinois prepaid tuition
32 contract, then money paid for the purchase of the
33 contract shall be returned to the purchaser, upon
34 request, in semester installments that coincide with the

1 matriculation by the qualified beneficiary. The amount
2 paid shall not exceed the current average mean-weighted
3 credit hour value of the registration fees purchased
4 under the contract.

5 (2) In the event of the death or total disability
6 of the qualified beneficiary, moneys paid for the
7 purchase of the Illinois prepaid tuition contract shall
8 be returned to the purchaser together with all accrued
9 earnings.

10 (3) If an Illinois prepaid tuition contract is
11 converted from a Public University Plan to a Community
12 College Plan, then the amount refunded shall be the value
13 of the original Illinois prepaid tuition contract minus
14 the value of the contract after conversion.

15 No refund shall be authorized under an Illinois prepaid
16 tuition contract for any semester partially attended but not
17 completed.

18 The Commission, by rule, shall set forth specific
19 procedures for making contract payments in conjunction with
20 grants and scholarships awarded to contract beneficiaries.

21 Moneys paid into or out of the Illinois Prepaid Tuition
22 Trust Fund by or on behalf of the purchaser or the qualified
23 beneficiary of an Illinois prepaid tuition contract are
24 exempt from all claims of creditors of the purchaser or
25 beneficiary, so long as the contract has not been terminated.

26 The State or any State agency, county, municipality, or
27 other political subdivision, by contract or collective
28 bargaining agreement, may agree with any employee to remit
29 payments toward the purchase of Illinois prepaid tuition
30 contracts through payroll deductions made by the appropriate
31 officer or officers of the entity making the payments. Such
32 payments shall be held and administered in accordance with
33 this Act.

34 (h) Nothing in this Act shall be construed as a promise

1 or guarantee that a qualified beneficiary will be admitted to
2 a MAP-eligible institution or to a particular MAP-eligible
3 institution, will be allowed to continue enrollment at a
4 MAP-eligible institution after admission, or will be
5 graduated from a MAP-eligible institution.

6 (i) The Commission shall develop and make prepaid
7 tuition contracts available under a minimum of at least 2
8 independent plans to be known as the Public University Plan
9 and the Community College Plan.

10 Contracts shall be purchased in units of 15 credit hours
11 at either an Illinois public university or an Illinois
12 community college. The minimum purchase amount per qualified
13 beneficiary shall be one unit or 15 credit hours. The
14 maximum purchase amount shall be 9 units (or 135 credit
15 hours) for the Public University Plan and 4 units (or 60
16 credit hours) for the Community College Plan.

17 (j) Public University Plan. Through the Public
18 University Plan, the Illinois prepaid tuition contract shall
19 provide prepaid registration fees, which include full tuition
20 costs as well as mandatory fees, for a specified number of
21 undergraduate credit hours, not to exceed the maximum number
22 of credit hours required for the conference of a
23 baccalaureate degree. In determining the cost of
24 participation in the Public University Plan, the Commission
25 shall reference the combined mean-weighted current
26 registration fees from all Illinois public universities.

27 In the event that a qualified beneficiary for whatever
28 reason chooses to attend an Illinois community college, the
29 qualified beneficiary may convert the average number of
30 credit hours required for the conference of an associate
31 degree from the Public University Plan to the Community
32 College Plan and may retain the remaining Public University
33 Plan credit hours or may request a refund for prepaid credit
34 hours in excess of those required for conference of an

1 associate degree. In determining the amount of any refund,
2 the Commission also shall recognize the current relative
3 credit hour cost of the 2 plans when making any conversion.

4 Qualified beneficiaries shall bear the cost of any
5 laboratory or other non-mandatory fees associated with
6 enrollment in specific courses. Qualified beneficiaries who
7 are not Illinois residents shall bear the difference in cost
8 between in-state registration fees guaranteed by the prepaid
9 tuition contract and tuition and other charges assessed upon
10 out-of-state students by the MAP-eligible institution.

11 (k) Community College Plan. Through the Community
12 College Plan, the Illinois prepaid tuition contract shall
13 provide prepaid registration fees, which include full tuition
14 costs as well as mandatory fees, for a specified number of
15 undergraduate credit hours, not to exceed the maximum number
16 of credit hours required for the conference of an associate
17 degree. In determining the cost of participation in the
18 Community College Plan, the Commission shall reference the
19 combined mean-weighted current registration fees from all
20 Illinois community colleges.

21 In the event that a qualified beneficiary for whatever
22 reason chooses to attend an Illinois public university, the
23 qualified beneficiary's prepaid tuition contract shall be
24 converted for use at that Illinois public university by
25 referencing the current average mean-weighted credit hour
26 value of registration fees at Illinois community colleges
27 relative to the corresponding value of registration fees at
28 Illinois public universities.

29 Qualified beneficiaries shall bear the cost of any
30 laboratory or other non-mandatory fees associated with
31 enrollment in specific courses. Qualified beneficiaries who
32 are not Illinois residents shall bear the difference in cost
33 between in-state registration fees guaranteed by the prepaid
34 tuition contract and tuition and other charges assessed upon

1 out-of-state students by the MAP-eligible institution.

2 (l) A qualified beneficiary may apply the benefits of
3 any Illinois prepaid tuition contract toward a nonpublic
4 institution of higher education. In the event that a
5 qualified beneficiary for whatever reason chooses to attend a
6 nonpublic institution of higher education, the qualified
7 beneficiary's prepaid tuition contract shall be converted for
8 use at that nonpublic institution of higher education by
9 referencing the current average mean-weighted credit hour
10 value of registration fees purchased under the contract. The
11 Commission shall transfer, or cause to have transferred, this
12 amount, less a transfer fee, to the nonpublic institution on
13 behalf of the beneficiary. In the event that the cost of
14 registration charged to the beneficiary at the nonpublic
15 institution of higher education is less than the aggregate
16 value of the Illinois prepaid tuition contract, any remaining
17 amount shall be transferred in subsequent semesters until the
18 transfer value is fully depleted.

19 (m) A qualified beneficiary may apply the benefits of
20 any Illinois prepaid tuition contract toward an eligible
21 out-of-state college or university. Institutional eligibility
22 for out-of-state colleges and universities shall be
23 determined by the Commission, but in making those
24 determinations the Commission shall recognize that the
25 benefits of an Illinois prepaid tuition contract may not be
26 used at any postsecondary educational institution that is
27 both operated for-profit and located outside of Illinois. In
28 the event that a qualified beneficiary for whatever reason
29 chooses to attend an eligible out-of-state college or
30 university, the qualified beneficiary's prepaid tuition
31 contract shall be converted for use at that college or
32 university by referencing the current average mean-weighted
33 credit hour value of registration fees purchased under the
34 contract. The Commission shall transfer, or cause to have

1 transferred, this amount, less a transfer fee, to the college
2 or university on behalf of the beneficiary. In the event
3 that the cost of registration charged to the beneficiary at
4 the eligible out-of-state college or university is less than
5 the aggregate value of the Illinois prepaid tuition contract,
6 any remaining amount shall be transferred in subsequent
7 semesters until the transfer value is fully depleted.

8 (n) Illinois prepaid tuition contracts may be purchased
9 either by lump sum or by installments. ~~All--installment~~
10 ~~contracts--shall--be--for-5-years,-except-that-contracts-that~~
11 ~~purchase-at--least--120--credit--hours--may--be--payable,-by~~
12 ~~installments,-over--a--10-year--period.~~ No penalty shall be
13 assessed for early payment of installment contracts.

14 (o) The Commission shall annually adjust the price of
15 new contracts, in accordance with the annual changes in
16 registration fees at Illinois public universities and
17 community colleges.

18 (Source: P.A. 92-165, eff. 7-26-01.)

19 Section 99. Effective date. This Act takes effect on
20 July 1, 2003.