

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 (unless the Trust Fund moneys are used for child support).
19 The Comptroller and the Department of the Lottery shall enter
20 into an interagency agreement to establish responsibility,
21 duties, and procedures relating to deductions from lottery
22 prizes awarded under Section 20.1 of the Illinois Lottery
23 Law.

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

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

27 (110 ILCS 979/10)

28 Sec. 10. Definitions. In this Act:

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

1 University, Western Illinois University, or Northeastern
2 Illinois University.

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

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

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

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

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

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

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

1 ~~worship,--or--for-any-religious-denomination-for-the-training~~
2 ~~of-ministers,-rabbis,-or-other-professional--persons--in--the~~
3 ~~field-of-religion.~~

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

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

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

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

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

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

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

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

27 (110 ILCS 979/35)

28 Sec. 35. Illinois Prepaid Tuition Trust Fund.

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

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

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

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

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

33 (c) The Executive Director of the Commission shall, at
34 such times and in such amounts as shall be necessary, prepare

1 and send to the State Comptroller vouchers requesting payment
2 from the Illinois Prepaid Tuition Trust Fund for: (i) tuition
3 and fee payments to MAP-eligible institutions on behalf of
4 qualified beneficiaries of Illinois prepaid tuition
5 contracts, and (ii) payments associated with administration
6 of the Illinois prepaid tuition program.

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

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

32 (e) If the Commission determines that there are
33 insufficient moneys in the Illinois Prepaid Tuition Trust
34 Fund to pay contractual obligations in the next succeeding

1 fiscal year, the Commission shall certify the amount
2 necessary to meet these obligations to the Board of Higher
3 Education, the Governor, the President of the Senate, and the
4 Speaker of the House of Representatives. The Governor shall
5 submit the amount so certified to the General Assembly as
6 soon as practicable, but no later than the end of the current
7 State fiscal year.

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

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

20 (110 ILCS 979/45)

21 Sec. 45. Illinois prepaid tuition contracts.

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

32 (b) Each contract shall have one designated purchaser
33 and one designated qualified beneficiary. Unless otherwise

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

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

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

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

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

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

33 (3) Provisions for late payment charges and for
34 default.

1 (4) Provisions for penalty fees payable incident to
2 an authorized withdrawal.

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

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

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

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

22 (9) Other terms and conditions determined by the
23 Commission to be appropriate.

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

27 (1) The number of credit hours contracted by the
28 purchaser.

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

32 (3) The explicit contractual obligation of the
33 Commission to the qualified beneficiary to provide a
34 specific number of credit hours of undergraduate

1 instruction at a MAP-eligible institution, not to exceed
2 the maximum median number of credit hours required for
3 the conference of a degree that corresponds to the plan
4 purchased on behalf of the qualified beneficiary.

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

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

28 (1.5) If the qualified beneficiary is awarded a
29 grant or scholarship while enrolled at either a
30 MAP-eligible nonpublic institution of higher education or
31 an eligible public or private out-of-state higher
32 education institution, the terms of which duplicate the
33 benefits included in the Illinois prepaid tuition
34 contract, then money paid for the purchase of the

1 contract shall be returned to the purchaser, upon
2 request, in semester installments that coincide with the
3 matriculation by the qualified beneficiary. The amount
4 paid shall not exceed the current average mean-weighted
5 credit hour value of the registration fees purchased
6 under the contract.

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

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

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

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

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

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

1 this Act.

2 (h) Nothing in this Act shall be construed as a promise
3 or guarantee that a qualified beneficiary will be admitted to
4 a MAP-eligible institution or to a particular MAP-eligible
5 institution, will be allowed to continue enrollment at a
6 MAP-eligible institution after admission, or will be
7 graduated from a MAP-eligible institution.

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

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

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

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

1 Plan credit hours or may request a refund for prepaid credit
2 hours in excess of those required for conference of an
3 associate degree. In determining the amount of any refund,
4 the Commission also shall recognize the current relative
5 credit hour cost of the 2 plans when making any conversion.

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

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

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

31 Qualified beneficiaries shall bear the cost of any
32 laboratory or other non-mandatory fees associated with
33 enrollment in specific courses. Qualified beneficiaries who
34 are not Illinois residents shall bear the difference in cost

1 between in-state registration fees guaranteed by the prepaid
2 tuition contract and tuition and other charges assessed upon
3 out-of-state students by the MAP-eligible institution.

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

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

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

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

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

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

21 Section 99. Effective date. This Act takes effect on
22 July 1, 2003.