

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 Task
5 Force on Higher Education Private Student Loans.

6 Section 5. Legislative findings. The General Assembly
7 makes all of the following findings:

8 (1) Today, private loans constitute 20% of total
9 education loan money, whereas 10 years ago private loans
10 constituted 5% of student loans.

11 (2) Tuition at public universities has risen 57% in the
12 past 5 years.

13 (3) Between 2000-2001 and 2005-2006, private student
14 loan volume grew at an average rate of 27% to a total of
15 \$17.3 billion.

16 (4) Borrowers who do not complete their degrees are 10
17 times as likely to default on their loan and twice as
18 likely to be unemployed.

19 (5) Predatory and subprime lending practices have
20 caused a crisis in the housing and real estate industry,
21 and it is the interest of all parties involved to avoid a
22 similar crisis involving private student loans.

1 Section 10. Creation of Task Force. There is created the
2 Task Force on Higher Education Private Student Loans consisting
3 of all of the following members:

4 (1) One member each appointed by the President of the
5 Senate, the Minority Leader of the Senate, the Speaker of
6 the House of Representatives, and the Minority Leader of
7 the House of Representatives.

8 (2) One member appointed by the State Treasurer to
9 serve as chairperson of the Task Force.

10 (3) One member appointed by the Attorney General.

11 (4) Members appointed by the Governor as follows:

12 (A) One member from the Governor's staff.

13 (B) One member representing a banking
14 organization.

15 (C) One member representing a community banking
16 organization.

17 (D) One member representing a credit union.

18 (E) One member representing private schools and
19 universities.

20 (F) One member representing a student loan
21 corporation.

22 (5) The executive director of the Board of Higher
23 Education or his or her designee.

24 (6) The executive director of the Illinois Community
25 College Board or his or her designee.

26 (7) The executive director of the Illinois Student

1 Assistance Commission or his or her designee to serve as
2 the co-chairperson of the Task Force.

3 (8) The 2 student members of the Board of Higher
4 Education or their designees.

5 (9) The student member of the Illinois Community
6 College Board or his or her designee.

7 (10) The director of the Division of Financial
8 Institutions of the Department of Financial and
9 Professional Regulation or his or her designee.

10 Section 15. Duties. The duties of the Task Force on Higher
11 Education Private Student Loans shall include without
12 limitation all of the following:

13 (1) To investigate the rates, fees, and terms
14 associated with private student loans made to students in
15 this State.

16 (2) To investigate how rates, fees, and terms impact
17 the accessibility of private student loans, affordability
18 of student loans, and choice of institution students have.

19 (3) To investigate the impact rates, fees, and terms
20 have on students after graduation, specifically the
21 following:

22 (A) The amount of debt they carry.

23 (B) The impact on pursuing post-graduate degrees.

24 (C) The ability to repay their loans.

25 (4) To investigate how the impact of rising tuition has

1 affected the types of loans available.

2 (5) To assess the impact capping private student loan
3 fees charged by lenders would have in the following areas:

4 (A) Accessibility of private student loans.

5 (B) Affordability of private student loans.

6 (C) Impact on choice of institution.

7 (6) To investigate how many private student loans are
8 in default or are not able to be repaid.

9 (7) To investigate what rates, fees, and terms are
10 common to those private student loans in default.

11 (8) To assess what impact loan defaults have on lending
12 institutions.

13 (9) To assess the impact a loan default has on the
14 borrower.

15 (10) To study what additional disclosures can be made
16 to students regarding high risk loans, financial
17 information, financial choices, and financial aid
18 available.

19 (11) To investigate what higher education institutions
20 can do to advise students on their financial aid and loan
21 resources.

22 (12) To investigate if race and ethnicity are a factor
23 in the rates, fees, and terms associated with private
24 student loans.

25 Section 20. Task Force assistance. The Office of the State

1 Treasurer shall be responsible for administrative and
2 logistical support of the Task Force on Higher Education
3 Private Student Loans, including coordination of Task Force
4 member appointments, distribution of meeting notices and
5 minutes, coordination of meeting logistics, facilitation of
6 public meetings, and the drafting and filing of the report
7 under Section 25 of this Act. The Illinois Student Assistance
8 Commission shall be responsible for providing a staff liaison
9 to the Task Force, data collection, and survey design. Task
10 Force members or the staff liaison or both may confer and
11 collaborate with relevant State and national organizations
12 with expertise.

13 Section 25. Report; dissolution of Task Force. The Task
14 Force on Higher Education Private Student Loans shall report
15 its findings and recommendations to the General Assembly by
16 filing copies of its report by December 31, 2010 as provided in
17 Section 3.1 of the General Assembly Organization Act. Upon
18 filing this report the Task Force is dissolved.

19 Section 90. Expiration of Act. This Act is repealed on
20 January 1, 2011.