

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 executive director of
9 the Illinois Student Assistance Commission to serve as
10 chairperson of the Task Force.

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

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

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

15 (B) One member representing private schools and
16 universities.

17 (C) One member representing a student loan
18 corporation.

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

21 (6) The State Treasurer or his or her designee to serve
22 as the co-chairperson of the Task Force.

23 (7) The Director of the Division of Financial
24 Institutions of the Department of Financial and
25 Professional Regulation or his or her designee.

1 Section 15. Duties. The duties of the Task Force on Higher
2 Education Private Student Loans shall include without
3 limitation all of the following:

4 (1) To investigate the rates, fees, and terms
5 associated with private student loans made to students in
6 this State.

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

10 (3) To investigate the impact rates, fees, and terms
11 have on students after graduation, specifically the
12 following:

13 (A) The amount of debt they carry.

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

15 (C) The ability to repay their loans.

16 (4) To investigate the relationship between rising
17 tuition and the availability of private loans.

18 (5) To assess the impact of capping private student
19 loan fees charged by lenders.

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

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

24 (8) To assess what impact loan defaults have on lending
25 institutions.

26 (9) To assess the impact a loan default has on the

1 borrower.

2 (10) To study what additional disclosures can be made
3 to students regarding high risk loans, financial
4 information, financial choices, and financial aid
5 available.

6 (11) To investigate what higher education institutions
7 can do to advise students on their financial aid and loan
8 resources.

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

12 Section 20. Task Force assistance. The Office of the
13 Illinois Student Assistance Commission shall be responsible
14 for administrative and logistical support of the Task Force on
15 Higher Education Private Student Loans, including coordination
16 of Task Force member appointments, distribution of meeting
17 notices and minutes, coordination of meeting logistics,
18 facilitation of public meetings, and the drafting and filing of
19 the report under Section 25 of this Act. Task Force members or
20 staff liaisons or both may confer and collaborate with relevant
21 State and national organizations with expertise.

22 Section 25. Report; dissolution of Task Force. The Task
23 Force on Higher Education Private Student Loans shall report
24 its findings and recommendations to the General Assembly by

1 filing copies of its report by December 31, 2010 as provided in
2 Section 3.1 of the General Assembly Organization Act. Upon
3 filing this report the Task Force is dissolved.

4 Section 90. Expiration of Act. This Act is repealed on
5 January 1, 2011.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.