



Sen. Dan Kotowski

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09600SB1698sam001

LRB096 11142 NHT 24400 a

1 AMENDMENT TO SENATE BILL 1698

2 AMENDMENT NO. _____. Amend Senate Bill 1698 by replacing
3 everything after the enacting clause with the following:

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

1 times as likely to default on their loan and twice as
2 likely to be unemployed.

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

7 Section 10. Creation of task force. There is created the
8 Task Force on Higher Education Private Student Loans consisting
9 of all of the following members:

10 (1) One member each appointed by the President of the
11 Senate, the Minority Leader of the Senate, the Speaker of
12 the House of Representatives, and the Minority Leader of
13 the House of Representatives.

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

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

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

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

19 (B) One member representing a banking
20 organization.

21 (C) One member representing a community banking
22 organization.

23 (D) One member representing a credit union.

24 (E) One member representing private schools and
25 universities.

1 (F) One member representing a student loan
2 corporation.

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

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

7 (7) The executive director of the Illinois Student
8 Assistance Commission or his or her designee to serve as
9 the co-chairperson of the Task Force.

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

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

14 (10) The director of the Division of Financial
15 Institutions of the Department of Financial and
16 Professional Regulation or his or her designee.

17 Section 15. Duties. The duties of the Task Force on Higher
18 Education Private Student Loans shall include without
19 limitation all of the following:

20 (1) To investigate the rates, fees, and terms
21 associated with private student loans made to students in
22 this State.

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

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

4 (A) The amount of debt they carry.

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

6 (C) The ability to repay their loans.

7 (4) To investigate how the impact of rising tuition has
8 affected the types of loans available.

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

11 (A) Accessibility of private student loans.

12 (B) Affordability of private student loans.

13 (C) Impact on choice of institution.

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

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

18 (8) To assess what impact loan defaults have on lending
19 institutions.

20 (9) To assess the impact a loan default has on the
21 borrower.

22 (10) To study what additional disclosures can be made
23 to students regarding high risk loans, financial
24 information, financial choices, and financial aid
25 available.

26 (11) To investigate what higher education institutions

1 can do to advise students on their financial aid and loan
2 resources.

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

6 Section 20. Task Force assistance. The Office of the State
7 Treasurer shall be responsible for administrative and
8 logistical support of the Task Force on Higher Education
9 Private Student Loans, including coordination of Task Force
10 member appointments, distribution of meeting notices and
11 minutes, coordination of meeting logistics, facilitation of
12 public meetings, and the drafting and filing of the report
13 under Section 25 of this Act. The Illinois Student Assistance
14 Commission shall be responsible for providing a staff liaison
15 to the Task Force, data collection, and survey design. Task
16 Force members or the staff liaison or both may confer and
17 collaborate with relevant State and national organizations
18 with expertise.

19 Section 25. Report; dissolution of Task Force. The Task
20 Force on Higher Education Private Student Loans shall report
21 its findings and recommendations to the General Assembly by
22 filing copies of its report by December 31, 2010 as provided in
23 Section 3.1 of the General Assembly Organization Act. Upon
24 filing this report the Task Force is dissolved.

1 Section 90. Expiration of Act. This Act is repealed on
2 January 1, 2011."