



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB5601

Introduced 2/15/2012, by Rep. Jim Durkin - Darlene J. Senger -  
Kent Gaffney

#### SYNOPSIS AS INTRODUCED:

110 ILCS 979/35

Amends the Illinois Prepaid Tuition Act. Provides that funds in the Illinois Prepaid Tuition Trust Fund must not be used to pay any portion of the salaries or benefits of employees of the Illinois Student Assistance Commission associated with the administration of the Illinois prepaid tuition program, which instead must be paid from funds in the General Revenue Fund. Effective immediately.

LRB097 16301 NHT 61455 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 5. The Illinois Prepaid Tuition Act is amended by  
5 changing Section 35 as follows:

6 (110 ILCS 979/35)

7 Sec. 35. Illinois Prepaid Tuition Trust Fund.

8 (a) The Illinois Prepaid Tuition Trust Fund is created as  
9 the repository of all moneys received by the Commission in  
10 conjunction with the Illinois prepaid tuition program. The  
11 Illinois Prepaid Tuition Trust Fund also shall be the official  
12 repository of all contributions, appropriations, interest and  
13 dividend payments, gifts, or other financial assets received by  
14 the Commission in connection with operation of the Illinois  
15 prepaid tuition program. All such moneys shall be deposited in  
16 the Illinois Prepaid Tuition Trust Fund and held by the State  
17 Treasurer as ex-officio custodian thereof, outside of the State  
18 Treasury, separate and apart from all public moneys or funds of  
19 this State.

20 All interest or other earnings accruing or received on  
21 amounts in the Illinois Prepaid Tuition Trust Fund shall be  
22 credited to and retained by the Fund. Moneys, interest, or  
23 other earnings paid into the Fund shall not be transferred or

1 allocated by the Commission, the State Treasurer, or the State  
2 Comptroller to any other fund, nor shall the Governor authorize  
3 any such transfer or allocation, while any contracts are  
4 outstanding. The State Comptroller shall not offset moneys paid  
5 to institutions from the Illinois Prepaid Tuition Trust Fund  
6 (unless the Trust Fund moneys are used for child support). In  
7 addition, no moneys, interest, or other earnings paid into the  
8 Fund shall be used, temporarily or otherwise, for interfund  
9 borrowing or be otherwise used or appropriated except as  
10 expressly authorized in this Act.

11 The Illinois Prepaid Tuition Trust Fund and each individual  
12 participant account that may be created in that Fund in  
13 conjunction with the Illinois prepaid tuition program shall be  
14 subject to audit in the same manner as funds and accounts  
15 belonging to the State of Illinois and shall be protected by  
16 the official bond given by the State Treasurer.

17 (b) The Commission from time to time shall direct the State  
18 Treasurer to invest moneys in the Illinois Prepaid Tuition  
19 Trust Fund that are not needed for immediate disbursement, in  
20 accordance with provisions of the investment plan approved by  
21 the Commission.

22 (c) The Executive Director of the Commission shall, at such  
23 times and in such amounts as shall be necessary, prepare and  
24 send to the State Comptroller vouchers requesting payment from  
25 the Illinois Prepaid Tuition Trust Fund for: (i) registration  
26 fee payments to eligible institutions on behalf of qualified

1 beneficiaries of Illinois prepaid tuition contracts, and (ii)  
2 payments associated with administration of the Illinois  
3 prepaid tuition program. However, funds in the Illinois Prepaid  
4 Tuition Trust Fund must not be used to pay any portion of the  
5 salaries or benefits of employees of the Commission associated  
6 with the administration of the program, which instead must be  
7 paid from funds in the General Revenue Fund.

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

23 During the first 18 months of operation of the Illinois  
24 prepaid tuition program, the Governor shall request an  
25 appropriation to the Commission from general funds sufficient  
26 to pay for start-up costs associated with establishment of the

1 program. This appropriation constitutes a loan that shall be  
2 repaid to the General Revenue Fund within 5 years by the  
3 Commission from prepaid tuition program contributions.  
4 Subsequent program administrative costs shall be provided from  
5 reasonable fees and charges equitably assessed to purchasers of  
6 prepaid tuition contracts.

7 (e) If the Commission determines that there are  
8 insufficient moneys in the Illinois Prepaid Tuition Trust Fund  
9 to pay contractual obligations in the next succeeding fiscal  
10 year, the Commission shall certify the amount necessary to meet  
11 these obligations to the Board of Higher Education, the  
12 Governor, the President of the Senate, and the Speaker of the  
13 House of Representatives. The Governor shall submit the amount  
14 so certified to the General Assembly as soon as practicable,  
15 but no later than the end of the current State fiscal year.

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

26 (Source: P.A. 96-1282, eff. 7-26-10.)

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.