



Rep. Jack D. Franks

Filed: 3/23/2015

09900HB1311ham001

LRB099 05946 SXM 33224 a

1 AMENDMENT TO HOUSE BILL 1311

2 AMENDMENT NO. _____. Amend House Bill 1311 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Affordable College Financing Pilot Program Act.

6 Section 5. Findings. The General Assembly finds that many
7 students and families struggle to afford the costs of college
8 despite the programs available to assist them. Grant assistance
9 and federal student loans, while offering critical financial
10 support for students, are often insufficient to cover the full
11 cost of attendance, particularly at the university level. In
12 order to make State universities more accessible to Illinois
13 students and to temper the challenges associated with student
14 debt, the General Assembly hereby establishes a pilot,
15 income-based student loan program to finance costs of
16 attendance that are not funded by grants or federal student aid

1 and that exceed a family's ability to pay. The loan is intended
2 to be repaid on a schedule designed to be affordable for the
3 borrower, with payments based on the borrower's income.

4 Section 10. Definitions. In this Act:

5 "Borrower" means a person who has been awarded and accepts
6 a program loan under this Act.

7 "Cost of attendance" means the cost of attending a State
8 university.

9 "Commission" means the Illinois Student Assistance
10 Commission.

11 "Eligible student" means a person who is a resident of this
12 State and has been accepted to or is enrolled in a State
13 university and who has remaining need, as defined in this
14 Section.

15 "Expected family contribution" is the federally determined
16 share of family income that can be expected to be used for
17 college.

18 "Fund" means the Affordable College Financing Pilot
19 Program Fund.

20 "Program" means the pilot program established under this
21 Act.

22 "Program loan" means a loan awarded by the Commission to an
23 eligible student under the program.

24 "Remaining need" is defined as the part of the cost of
25 attendance not covered by the expected family contribution,

1 grants, or federal Stafford loans.

2 Section 15. Pilot program.

3 (a) Subject to the appropriation of funds for this purpose,
4 the Commission shall implement and administer a pilot program
5 to provide loans to 400 eligible students under this Act. The
6 Commission shall conduct a lottery to determine which qualified
7 applicants are to be awarded program loans in accordance with
8 this Act. The lottery will be based on a stratified random
9 sample to ensure equal participation by students in each of the
10 4 lower-income quintiles that are based on Illinois income data
11 reported annually by the U.S. Census Bureau. Once a student has
12 gained entry into the program, the loans will be available
13 annually, as needed, for 4 years. These program loans are to be
14 repaid, beginning 6 months after the borrower leaves school, on
15 a schedule that is based on the income of the borrower.

16 (b) The Affordable College Financing Pilot Program Fund is
17 created as a special fund in the State treasury. All money in
18 the Fund shall be used, subject to appropriation, by the
19 Commission for awarding program loans and administering the
20 program under this Act. The Fund shall consist of the repayment
21 of program loans, interest earned on the moneys in the Fund,
22 and other funds appropriated or made available to the Fund.

23 (c) An eligible student must complete the Free Application
24 for Federal Student Aid in order to apply for a program loan.
25 The Commission may additionally develop and require a separate

1 application for a program loan. The program loan application
2 shall be in such form as required by the Commission and shall
3 include such information as required by the Commission. The
4 Commission shall review the application and, if satisfied that
5 the applicant is an eligible student and is not ineligible for
6 loan assistance under subsections (a) and (b) of Section 35 of
7 the Higher Education Student Assistance Act, shall award a
8 program loan to the applicant if selected by lottery. Loans may
9 be issued only from available funds.

10 (d) The amount of a program loan shall be sufficient to
11 cover the student's remaining need, as defined in Section 10.

12 (e) The Commission may not charge interest on a program
13 loan, but may charge a default insurance premium as provided in
14 subsection (f) of this Section.

15 (f) By accepting a program loan, an eligible student shall
16 agree to repay the amount of the program loan, plus a default
17 insurance premium amount to be determined by the Commission,
18 subject to the following:

19 (1) Repayment shall commence not later than 6 months
20 after the eligible student leaves the State university. The
21 Commission may establish rules for deferment and
22 forbearance consistent with federal guidelines.

23 (2) The monthly amount required to be repaid shall be
24 based on a repayment schedule that the Commission shall by
25 rule develop and shall be based on a percentage of the
26 borrower's adjusted gross income.

1 (3) Monthly payments shall continue until the borrower
2 has fully paid the amount of the program loan and the
3 default insurance premium amount.

4 (g) To administer the program, the Commission may exercise
5 the same powers of collection as otherwise authorized by law.

6 (h) The Commission shall forgive the repayment of a program
7 loan if the borrower dies or becomes disabled.

8 (i) The Commission may establish and administer, or
9 contract with a third party to do so, a default insurance plan
10 for program loans in which eligible students have defaulted on
11 repayment of their program loans.

12 Section 20. Progress reports. The Commission shall submit
13 a progress report to the General Assembly 2 years after
14 implementation of the program and 4 years after implementation
15 of the program. The report shall describe the financial
16 stability of the Fund and student success metrics utilized,
17 both for initial loan awards and loan continuances within the
18 program. The Commission shall track average cumulative debt and
19 year-to-year student retention, and compare these numbers to a
20 control group of similar students not participating in the
21 program. The Commission shall also track and report the
22 progress of borrowers throughout the repayment period.

23 Section 90. Rules. The Commission may adopt any rules
24 necessary to carry out its responsibilities under this Act.

1 Section 95. The State Finance Act is amended by adding
2 Section 5.866 as follows:

3 (30 ILCS 105/5.866 new)

4 Sec. 5.866. The Affordable College Financing Pilot Program
5 Fund.

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