

1 AN ACT in relation to higher 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  
5 by changing Section 45 as follows:

6 (110 ILCS 979/45)

7 Sec. 45. Illinois prepaid tuition contracts.

8 (a) The Commission may enter into an Illinois prepaid  
9 tuition contract with a purchaser under which the Commission  
10 contracts on behalf of the State to pay full tuition and  
11 mandatory fees at an Illinois public university or Illinois  
12 community college for a qualified beneficiary to attend the  
13 MAP-eligible institution to which the qualified beneficiary  
14 is admitted. Each contract shall contain terms, conditions,  
15 and provisions that the Commission determines to be necessary  
16 for ensuring the educational objectives and sustainable  
17 financial viability of the Illinois prepaid tuition program.

18 (b) Each contract shall have one designated purchaser  
19 and one designated qualified beneficiary. Unless otherwise  
20 specified in the contract, the purchaser owns the contract  
21 and retains any tax liability for its assets only until the  
22 first distribution of benefits. Once a partial benefit of the  
23 contract has been disbursed, any tax liability attributable  
24 to the contract and its assets becomes a tax liability of the  
25 qualified beneficiary, unless otherwise specified in the  
26 contract. Contracts shall be purchased in units of 15 credit  
27 hours at any MAP-eligible institution.

28 (c) Without exception, benefits may be received by a  
29 qualified beneficiary of an Illinois prepaid tuition contract  
30 no earlier than 3 years from the date the contract is  
31 purchased.

1 (d) A prepaid tuition contract shall contain, but is not  
2 limited to, provisions for (i) refunds or withdrawals in  
3 certain circumstances, with or without interest or penalties;  
4 (ii) conversion of the contract at the time of distribution  
5 from accrued prepayment value at one type of MAP-eligible  
6 institution to the accrued prepayment value at a different  
7 type of MAP-eligible institution; (iii) portability of the  
8 accrued value of the prepayment value for use at an  
9 out-of-state higher education institution; (iv)  
10 transferability of the contract benefits within the qualified  
11 beneficiary's immediate family; and (v) a specified benefit  
12 period during which the contract may be redeemed.

13 (e) Each Illinois prepaid tuition contract also shall  
14 contain, at minimum, all of the following:

15 (1) The amount of payment or payments and the  
16 number of payments required from a purchaser on behalf of  
17 a qualified beneficiary.

18 (2) The terms and conditions under which purchasers  
19 shall remit payments, including, but not limited to, the  
20 date or dates upon which each payment shall be due.

21 (3) Provisions for late payment charges and for  
22 default.

23 (4) Provisions for penalty fees payable incident to  
24 an authorized withdrawal.

25 (5) The name, date of birth, and social security  
26 number of the qualified beneficiary on whose behalf the  
27 contract is drawn and the terms and conditions under  
28 which the contract may be transferred to another  
29 qualified beneficiary.

30 (6) The name and social security number of any  
31 person who may terminate the contract, together with  
32 terms that specify whether the contract may be terminated  
33 by the purchaser, the qualified beneficiary, a specific  
34 designated person, or any combination of these persons.

1           (7) The terms and conditions under which a contract  
2 may be terminated, the name and social security number of  
3 the person entitled to any refund due as a result of the  
4 termination of the contract pursuant to those terms and  
5 conditions, and the method for determining the amount of  
6 a refund.

7           (8) The time limitations, if any, within which the  
8 qualified beneficiary must claim his or her benefits  
9 through the program.

10           (9) Other terms and conditions determined by the  
11 Commission to be appropriate.

12           (f) In addition to the contract provisions set forth in  
13 subsection (e), each Illinois prepaid tuition contract shall  
14 include:

15           (1) The number of credit hours contracted by the  
16 purchaser.

17           (2) The type of MAP-eligible institution and the  
18 prepaid tuition plan toward which the credit hours shall  
19 be applied.

20           (3) The explicit contractual obligation of the  
21 Commission to the qualified beneficiary to provide a  
22 specific number of credit hours of undergraduate  
23 instruction at a MAP-eligible institution, not to exceed  
24 the median number of credit hours required for the  
25 conference of a degree that corresponds to the plan  
26 purchased on behalf of the qualified beneficiary.

27           (g) The Commission shall indicate by rule the conditions  
28 under which refunds are payable to a contract purchaser.  
29 Generally, no refund shall exceed the amount paid into the  
30 Illinois Prepaid Tuition Trust Fund by the purchaser. In the  
31 event that a contract is converted from a Public University  
32 Plan described in subsection (j) of this Section to a  
33 Community College Plan described in subsection (k) of this  
34 Section, the refund amount shall be reduced by the amount

1 transferred to the Illinois community college on behalf of  
2 the qualified beneficiary. Except where the Commission may  
3 otherwise rule, refunds may exceed the amount paid into the  
4 Illinois Prepaid Tuition Trust Fund only under the following  
5 circumstances:

6 (1) If the qualified beneficiary is awarded a grant  
7 or scholarship at a public institution of higher  
8 education, the terms of which duplicate the benefits  
9 included in the Illinois prepaid tuition contract, then  
10 moneys paid for the purchase of the contract shall be  
11 returned to the purchaser, upon request, in semester  
12 installments that coincide with the matriculation by the  
13 qualified beneficiary, in an amount equal to the--lesser  
14 of--(i)--the--original--purchase--price--plus-2%-interest  
15 ~~compounded-annually,~~-or-(ii) the current cost of tuition  
16 and mandatory fees at the MAP-eligible institution where  
17 the qualified beneficiary is enrolled.

18 (1.5) If the qualified beneficiary is awarded a  
19 grant or scholarship while enrolled at either a  
20 MAP-eligible nonpublic institution of higher education or  
21 an eligible public or private out-of-state higher  
22 education institution, the terms of which duplicate the  
23 benefits included in the Illinois prepaid tuition  
24 contract, then money paid for the purchase of the  
25 contract shall be returned to the purchaser, upon  
26 request, in semester installments that coincide with the  
27 matriculation by the qualified beneficiary. The amount  
28 paid shall not exceed the current average mean-weighted  
29 credit hour value of the registration fees purchased  
30 under the contract.

31 (2) In the event of the death or total disability  
32 of the qualified beneficiary, moneys paid for the  
33 purchase of the Illinois prepaid tuition contract shall  
34 be returned to the purchaser together with all accrued

1 earnings.

2 (3) If an Illinois prepaid tuition contract is  
3 converted from a Public University Plan to a Community  
4 College Plan, then the amount refunded shall be the value  
5 of the original Illinois prepaid tuition contract minus  
6 the value of the contract after conversion.

7 No refund shall be authorized under an Illinois prepaid  
8 tuition contract for any semester partially attended but not  
9 completed.

10 The Commission, by rule, shall set forth specific  
11 procedures for making contract payments in conjunction with  
12 grants and scholarships awarded to contract beneficiaries.

13 Moneys paid into or out of the Illinois Prepaid Tuition  
14 Trust Fund by or on behalf of the purchaser or the qualified  
15 beneficiary of an Illinois prepaid tuition contract are  
16 exempt from all claims of creditors of the purchaser or  
17 beneficiary, so long as the contract has not been terminated.

18 The State or any State agency, county, municipality, or  
19 other political subdivision, by contract or collective  
20 bargaining agreement, may agree with any employee to remit  
21 payments toward the purchase of Illinois prepaid tuition  
22 contracts through payroll deductions made by the appropriate  
23 officer or officers of the entity making the payments. Such  
24 payments shall be held and administered in accordance with  
25 this Act.

26 (h) Nothing in this Act shall be construed as a promise  
27 or guarantee that a qualified beneficiary will be admitted to  
28 a MAP-eligible institution or to a particular MAP-eligible  
29 institution, will be allowed to continue enrollment at a  
30 MAP-eligible institution after admission, or will be  
31 graduated from a MAP-eligible institution.

32 (i) The Commission shall develop and make prepaid  
33 tuition contracts available under a minimum of at least 2  
34 independent plans to be known as the Public University Plan

1 and the Community College Plan.

2 Contracts shall be purchased in units of 15 credit hours  
3 at either an Illinois public university or an Illinois  
4 community college. The minimum purchase amount per qualified  
5 beneficiary shall be one unit or 15 credit hours. The  
6 maximum purchase amount shall be 9 units (or 135 credit  
7 hours) for the Public University Plan and 4 units (or 60  
8 credit hours) for the Community College Plan.

9 (j) Public University Plan. Through the Public  
10 University Plan, the Illinois prepaid tuition contract shall  
11 provide prepaid registration fees, which include full tuition  
12 costs as well as mandatory fees, for a specified number of  
13 undergraduate credit hours, not to exceed the maximum number  
14 of credit hours required for the conference of a  
15 baccalaureate degree. In determining the cost of  
16 participation in the Public University Plan, the Commission  
17 shall reference the combined mean-weighted current  
18 registration fees from all Illinois public universities.

19 In the event that a qualified beneficiary for whatever  
20 reason chooses to attend an Illinois community college, the  
21 qualified beneficiary may convert the average number of  
22 credit hours required for the conference of an associate  
23 degree from the Public University Plan to the Community  
24 College Plan and may retain the remaining Public University  
25 Plan credit hours or may request a refund for prepaid credit  
26 hours in excess of those required for conference of an  
27 associate degree. In determining the amount of any refund,  
28 the Commission also shall recognize the current relative  
29 credit hour cost of the 2 plans when making any conversion.

30 Qualified beneficiaries shall bear the cost of any  
31 laboratory or other non-mandatory fees associated with  
32 enrollment in specific courses. Qualified beneficiaries who  
33 are not Illinois residents shall bear the difference in cost  
34 between in-state registration fees guaranteed by the prepaid

1 tuition contract and tuition and other charges assessed upon  
2 out-of-state students by the MAP-eligible institution.

3 (k) Community College Plan. Through the Community  
4 College Plan, the Illinois prepaid tuition contract shall  
5 provide prepaid registration fees, which include full tuition  
6 costs as well as mandatory fees, for a specified number of  
7 undergraduate credit hours, not to exceed the maximum number  
8 of credit hours required for the conference of an associate  
9 degree. In determining the cost of participation in the  
10 Community College Plan, the Commission shall reference the  
11 combined mean-weighted current registration fees from all  
12 Illinois community colleges.

13 In the event that a qualified beneficiary for whatever  
14 reason chooses to attend an Illinois public university, the  
15 qualified beneficiary's prepaid tuition contract shall be  
16 converted for use at that Illinois public university by  
17 referencing the current average mean-weighted credit hour  
18 value of registration fees at Illinois community colleges  
19 relative to the corresponding value of registration fees at  
20 Illinois public universities.

21 Qualified beneficiaries shall bear the cost of any  
22 laboratory or other non-mandatory fees associated with  
23 enrollment in specific courses. Qualified beneficiaries who  
24 are not Illinois residents shall bear the difference in cost  
25 between in-state registration fees guaranteed by the prepaid  
26 tuition contract and tuition and other charges assessed upon  
27 out-of-state students by the MAP-eligible institution.

28 (l) A qualified beneficiary may apply the benefits of  
29 any Illinois prepaid tuition contract toward a nonpublic  
30 institution of higher education. In the event that a  
31 qualified beneficiary for whatever reason chooses to attend a  
32 nonpublic institution of higher education, the qualified  
33 beneficiary's prepaid tuition contract shall be converted for  
34 use at that nonpublic institution of higher education by

1 referencing the current average mean-weighted credit hour  
2 value of registration fees purchased under the contract. The  
3 Commission shall transfer, or cause to have transferred, this  
4 amount, less a transfer fee, to the nonpublic institution on  
5 behalf of the beneficiary. In the event that the cost of  
6 registration charged to the beneficiary at the nonpublic  
7 institution of higher education is less than the aggregate  
8 value of the Illinois prepaid tuition contract, any remaining  
9 amount shall be transferred in subsequent semesters until the  
10 transfer value is fully depleted.

11 (m) A qualified beneficiary may apply the benefits of  
12 any Illinois prepaid tuition contract toward an eligible  
13 out-of-state college or university. Institutional eligibility  
14 for out-of-state colleges and universities shall be  
15 determined by the Commission, but in making those  
16 determinations the Commission shall recognize that the  
17 benefits of an Illinois prepaid tuition contract may not be  
18 used at any postsecondary educational institution that is  
19 both operated for-profit and located outside of Illinois. In  
20 the event that a qualified beneficiary for whatever reason  
21 chooses to attend an eligible out-of-state college or  
22 university, the qualified beneficiary's prepaid tuition  
23 contract shall be converted for use at that college or  
24 university by referencing the current average mean-weighted  
25 credit hour value of registration fees purchased under the  
26 contract. The Commission shall transfer, or cause to have  
27 transferred, this amount, less a transfer fee, to the college  
28 or university on behalf of the beneficiary. In the event  
29 that the cost of registration charged to the beneficiary at  
30 the eligible out-of-state college or university is less than  
31 the aggregate value of the Illinois prepaid tuition contract,  
32 any remaining amount shall be transferred in subsequent  
33 semesters until the transfer value is fully depleted.

34 (n) Illinois prepaid tuition contracts may be purchased



1 either by lump sum or by installments. All installment  
2 contracts shall be for 5 years, except that contracts that  
3 purchase at least 120 credit hours may be payable, by  
4 installments, over a 10-year period. No penalty shall be  
5 assessed for early payment of installment contracts.

6 (o) The Commission shall annually adjust the price of  
7 new contracts, in accordance with the annual changes in  
8 registration fees at Illinois public universities and  
9 community colleges.

10 (Source: P.A. 90-546, eff. 12-1-97.)

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.