

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.