



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB0388

Introduced 2/7/2007, by Sen. Jacqueline Y. Collins

SYNOPSIS AS INTRODUCED:

New Act

Creates the Illinois Children's Savings Accounts Act. Creates a task force to review and make recommendations about children's savings account program options and to create a strategic implementation plan to create a savings account at birth for every child born in Illinois to Illinois residents. Provides the appointment criteria for members of the task force. Provides that the Department of Commerce and Economic Opportunity shall be responsible for administrative and logistical support of the task force. Provides the factors the task force shall consider in its recommendations for the design of the program. Requires the task force to hold at least 4 public meetings at various locations throughout the State. Requires the task force to make a written report of its findings and recommendations, including a strategic implementation plan for an Illinois children's savings account program, to the Department of Commerce and Economic Opportunity no later than September 1, 2008. Provides that on or before November 1, 2008, the Department shall present all reports issued by the task force to the Governor and the General Assembly. Effective immediately.

LRB095 09544 MJR 29743 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning children.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Illinois Children's Savings Accounts Act.

6 Section 5. Findings. The General Assembly finds that
7 investments in children's education, homeownership, and small
8 business development and entrepreneurship are made possible by
9 family savings, but the family savings rate is at the lowest
10 level since the Great Depression. Illinois has the lowest
11 homeownership rate in the Midwest. Fewer than a third of
12 Illinois households have a checking account, and fewer than 60%
13 have a savings account. The rising cost of post-secondary
14 education decreases access to higher education for low-income
15 and moderate-income Illinoisans, and post-secondary education
16 is beyond the reach of many Illinois families. Increasing the
17 number of Illinois families saving for post-secondary
18 education for their children will increase the number of
19 children who will attain higher education, and increased
20 educational attainment levels will generate a more competitive
21 workforce, more jobs and innovation, more savings and
22 investment, stronger communities, and a thriving State
23 economy. The General Assembly also finds that a savings program

1 tied to financial education can improve family financial
2 responsibility and encourage saving for education,
3 homeownership, small business, and entrepreneurship.

4 Section 10. Public policy. It is the policy of the State to
5 encourage families' savings, to increase families' financial
6 knowledge, to promote higher educational aspiration and
7 attainment, to encourage home ownership, to assist small
8 business development, to promote job creation, to strengthen
9 communities, and to increase asset building opportunities for
10 all residents.

11 Section 15. Children's savings account task force. There is
12 hereby created a Children's Savings Account Task Force. The
13 purpose of the task force shall be to review and make
14 recommendations about children's savings account program
15 options and to create a strategic implementation plan to create
16 a savings account at birth for every child born in Illinois to
17 Illinois residents, seeded with an initial public deposit. The
18 task force shall consist of a maximum of 25 members, to be
19 appointed within 60 days after the effective date of this Act.
20 One member shall be appointed by the President of the Senate,
21 one member appointed by the Senate Minority Leader, one member
22 appointed by the Speaker of the House, and one member appointed
23 by the House Minority Leader. All other members shall be
24 appointed by the Governor as follows:

1 (1) A member of the Governor's leadership staff to
2 serve as co-chairperson of the task force.

3 (2) Public members with an interest in asset building
4 in Illinois, including a representative from each of the
5 following types of organizations/entities:

6 (A) an operator of an individual development
7 account or matched savings and financial education
8 program, or both;

9 (B) a grassroots organizing entity;

10 (C) a poverty law center;

11 (D) a service-based human rights provider
12 organization;

13 (E) a business association;

14 (F) a bankers professional association;

15 (G) a child advocacy organization;

16 (H) a rural economic development entity;

17 (I) organized labor;

18 (J) a bank;

19 (K) a credit union; and

20 (L) an investment services provider.

21 The Governor shall designate one of the public members to
22 serve as co-chairperson. In addition, the following officials
23 shall serve as ex-officio members of the task force: (i) the
24 State Superintendent of Education or his or her designee; (ii)
25 the Secretary of Financial and Professional Regulation or his
26 or her designee; (iii) the Director of Commerce and Economic

1 Opportunity or his or her designee; (iv) the Secretary of Human
2 Services or his or her designee; (v) the Director of Healthcare
3 and Family Services or his or her designee; (vi) the Executive
4 Director of the Board of Higher Education or his or her
5 designee; (vii) the Executive Director of the Illinois
6 Community College Board or his or her designee; and (viii) the
7 Director of Children and Family Services or his or her
8 designee.

9 The Department of Commerce and Economic Opportunity shall
10 be responsible for administrative and logistical support of the
11 task force, including coordination of task force member
12 appointments, distribution of meeting notices and minutes,
13 coordination of meeting logistics, providing a staff liaison to
14 the task force, facilitation of public meetings as well as
15 drafting and filing of the final report. Task force members or
16 the staff liaison, or both, may confer and collaborate with
17 relevant State and national organizations with expertise in
18 asset building, financial education, college savings,
19 investing, home ownership, and small business development,
20 including the Illinois Asset Building Group.

21 The task force shall consider a State-funded match for
22 savings for low-income children residing in Illinois. Goals of
23 the program shall include increasing the levels of financial
24 literacy and savings in the State, increasing the number of
25 Illinois children who own assets and who attend post-secondary
26 education or training, purchase a home, or open a small

1 business. The task force shall consider the following factors
2 in its recommendations for the design of the program:

3 (1) Return on investment, safety of the investment and
4 insurance for the account, ease of managing the account,
5 and ease of making various forms of deposits.

6 (2) The impact on eligibility for student financial
7 aid, public assistance, and other public benefits, and
8 taxation of the account earnings and distributions.

9 (3) The provision of financial education to child and
10 family, and access to additional financial services.

11 (4) Restrictions on the withdrawal or distribution
12 prior to the child reaching age 18, portability of the
13 account, and limits on permissible uses of the account.

14 (5) Revenue sources for the initial deposit and any
15 savings match and the feasibility of State match for
16 deposits for children in low-income families.

17 (6) Mechanisms for data collection and tracking.

18 (7) All other factors that the task force deems
19 important to the program design.

20 The task force shall hold at least 4 public meetings at a
21 variety of geographic locations throughout the State at times
22 and places established by the task force. The purpose of the
23 public meetings is to gather information from community
24 residents and institutions, families with children, financial
25 education providers, schools, and local financial services
26 providers. The initial meeting of the task force shall be

1 called by the co-chairs and held no later than 30 days after
2 the task force members are appointed. The activities of the
3 task force shall conclude no later than September 1, 2008.

4 Section 20. Report and implementation plan. The task force
5 shall make a written report of its findings and
6 recommendations, including a strategic implementation plan for
7 an Illinois children's savings account program, as well as make
8 any additional reports deemed necessary and appropriate to the
9 Department of Commerce and Economic Opportunity no later than
10 September 1, 2008. On or before November 1, 2008, the
11 Department shall present all reports issued by the task force
12 to the Governor and members of the General Assembly. The
13 reports shall be made available to the public.

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.