



Rep. Jim Durkin

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1 AMENDMENT TO SENATE BILL 1728

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1728 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The State Treasurer Act is amended by changing  
5 Section 16.5 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College Savings Pool. The State Treasurer may  
8 establish and administer a College Savings Pool to supplement  
9 and enhance the investment opportunities otherwise available  
10 to persons seeking to finance the costs of higher education.  
11 The State Treasurer, in administering the College Savings Pool,  
12 may receive moneys paid into the pool by a participant and may  
13 serve as the fiscal agent of that participant for the purpose  
14 of holding and investing those moneys.

15 "Participant", as used in this Section, means any person  
16 who has authority to withdraw funds, change the designated

1 beneficiary, or otherwise exercise control over an account.  
2 "Donor", as used in this Section, means any person who makes  
3 investments in the pool. "Designated beneficiary", as used in  
4 this Section, means any person on whose behalf an account is  
5 established in the College Savings Pool by a participant. Both  
6 in-state and out-of-state persons may be participants, donors,  
7 and designated beneficiaries in the College Savings Pool.

8 New accounts in the College Savings Pool may be processed  
9 through participating financial institutions. "Participating  
10 financial institution", as used in this Section, means any  
11 financial institution insured by the Federal Deposit Insurance  
12 Corporation and lawfully doing business in the State of  
13 Illinois and any credit union approved by the State Treasurer  
14 and lawfully doing business in the State of Illinois that  
15 agrees to process new accounts in the College Savings Pool.  
16 Participating financial institutions may charge a processing  
17 fee to participants to open an account in the pool that shall  
18 not exceed \$30 until the year 2001. Beginning in 2001 and every  
19 year thereafter, the maximum fee limit shall be adjusted by the  
20 Treasurer based on the Consumer Price Index for the North  
21 Central Region as published by the United States Department of  
22 Labor, Bureau of Labor Statistics for the immediately preceding  
23 calendar year. Every contribution received by a financial  
24 institution for investment in the College Savings Pool shall be  
25 transferred from the financial institution to a location  
26 selected by the State Treasurer within one business day

1 following the day that the funds must be made available in  
2 accordance with federal law. All communications from the State  
3 Treasurer to participants and donors shall reference the  
4 participating financial institution at which the account was  
5 processed.

6 The Treasurer may invest the moneys in the College Savings  
7 Pool in the same manner and in the same types of investments  
8 provided for the investment of moneys by the Illinois State  
9 Board of Investment. To enhance the safety and liquidity of the  
10 College Savings Pool, to ensure the diversification of the  
11 investment portfolio of the pool, and in an effort to keep  
12 investment dollars in the State of Illinois, the State  
13 Treasurer may make a percentage of each account available for  
14 investment in participating financial institutions doing  
15 business in the State. The State Treasurer may deposit with the  
16 participating financial institution at which the account was  
17 processed the following percentage of each account at a  
18 prevailing rate offered by the institution, provided that the  
19 deposit is federally insured or fully collateralized and the  
20 institution accepts the deposit: 10% of the total amount of  
21 each account for which the current age of the beneficiary is  
22 less than 7 years of age, 20% of the total amount of each  
23 account for which the beneficiary is at least 7 years of age  
24 and less than 12 years of age, and 50% of the total amount of  
25 each account for which the current age of the beneficiary is at  
26 least 12 years of age. The Treasurer shall develop, publish,

1 and implement an investment policy covering the investment of  
2 the moneys in the College Savings Pool. The policy shall be  
3 published (i) at least once each year in at least one newspaper  
4 of general circulation in both Springfield and Chicago and (ii)  
5 each year as part of the audit of the College Savings Pool by  
6 the Auditor General, which shall be distributed to all  
7 participants. The Treasurer shall notify all participants in  
8 writing, and the Treasurer shall publish in a newspaper of  
9 general circulation in both Chicago and Springfield, any  
10 changes to the previously published investment policy at least  
11 30 calendar days before implementing the policy. Any investment  
12 policy adopted by the Treasurer shall be reviewed and updated  
13 if necessary within 90 days following the date that the State  
14 Treasurer takes office.

15 Participants shall be required to use moneys distributed  
16 from the College Savings Pool for qualified expenses at  
17 eligible educational institutions. "Qualified expenses", as  
18 used in this Section, means the following: (i) tuition, fees,  
19 and the costs of books, supplies, and equipment required for  
20 enrollment or attendance at an eligible educational  
21 institution and (ii) certain room and board expenses incurred  
22 while attending an eligible educational institution at least  
23 half-time. "Eligible educational institutions", as used in  
24 this Section, means public and private colleges, junior  
25 colleges, graduate schools, and certain vocational  
26 institutions that are described in Section 481 of the Higher

1 Education Act of 1965 (20 U.S.C. 1088) and that are eligible to  
2 participate in Department of Education student aid programs. A  
3 student shall be considered to be enrolled at least half-time  
4 if the student is enrolled for at least half the full-time  
5 academic work load for the course of study the student is  
6 pursuing as determined under the standards of the institution  
7 at which the student is enrolled. Distributions made from the  
8 pool for qualified expenses shall be made directly to the  
9 eligible educational institution, directly to a vendor, or in  
10 the form of a check payable to both the beneficiary and the  
11 institution or vendor. Any moneys that are distributed in any  
12 other manner or that are used for expenses other than qualified  
13 expenses at an eligible educational institution shall be  
14 subject to a penalty of 10% of the earnings unless the  
15 beneficiary dies, becomes disabled, or receives a scholarship  
16 that equals or exceeds the distribution. Penalties shall be  
17 withheld at the time the distribution is made.

18 The Treasurer shall limit the contributions that may be  
19 made on behalf of a designated beneficiary based on the  
20 limitations established by the Internal Revenue Service. The  
21 contributions made on behalf of a beneficiary who is also a  
22 beneficiary under the Illinois Prepaid Tuition Program shall be  
23 further restricted to ensure that the contributions in both  
24 programs combined do not exceed the limit established for the  
25 College Savings Pool. The Treasurer shall provide the  
26 Comptroller ~~Illinois Student Assistance Commission~~ each year

1 at a time designated by the Comptroller ~~Commission~~, an  
2 electronic report of all participant accounts in the  
3 Treasurer's College Savings Pool, listing total contributions  
4 and disbursements from each individual account during the  
5 previous calendar year. As soon thereafter as is possible  
6 following receipt of the Treasurer's report, the Comptroller  
7 ~~Illinois Student Assistance Commission~~ shall, in turn, provide  
8 the Treasurer with an electronic report listing those College  
9 Savings Pool participants who also participate in the State's  
10 prepaid tuition program, administered by the Comptroller  
11 ~~Commission~~. The Commission shall be responsible for filing any  
12 combined tax reports regarding State qualified savings  
13 programs required by the United States Internal Revenue  
14 Service. The Treasurer shall work with the Illinois Student  
15 Assistance Commission and the Comptroller to coordinate the  
16 marketing of the College Savings Pool and the Illinois Prepaid  
17 Tuition Program when considered beneficial by the Treasurer and  
18 the Director of the Illinois Student Assistance Commission. The  
19 Treasurer's office shall not publicize or otherwise market the  
20 College Savings Pool or accept any moneys into the College  
21 Savings Pool prior to March 1, 2000. The Treasurer shall  
22 provide a separate accounting for each designated beneficiary  
23 to each participant, the Illinois Student Assistance  
24 Commission, Comptroller, and the participating financial  
25 institution at which the account was processed. No interest in  
26 the program may be pledged as security for a loan. Moneys held

1 in an account invested in the Illinois College Savings Pool  
2 shall be exempt from all claims of the creditors of the  
3 participant, donor, or designated beneficiary of that account,  
4 except for the non-exempt College Savings Pool transfers to or  
5 from the account as defined under subsection (j) of Section  
6 12-1001 of the Code of Civil Procedure (735 ILCS 5/12-1001(j)).

7 The assets of the College Savings Pool and its income and  
8 operation shall be exempt from all taxation by the State of  
9 Illinois and any of its subdivisions. The accrued earnings on  
10 investments in the Pool once disbursed on behalf of a  
11 designated beneficiary shall be similarly exempt from all  
12 taxation by the State of Illinois and its subdivisions, so long  
13 as they are used for qualified expenses. Contributions to a  
14 College Savings Pool account during the taxable year may be  
15 deducted from adjusted gross income as provided in Section 203  
16 of the Illinois Income Tax Act. The provisions of this  
17 paragraph are exempt from Section 250 of the Illinois Income  
18 Tax Act.

19 The Treasurer shall adopt rules he or she considers  
20 necessary for the efficient administration of the College  
21 Savings Pool. The rules shall provide whatever additional  
22 parameters and restrictions are necessary to ensure that the  
23 College Savings Pool meets all of the requirements for a  
24 qualified state tuition program under Section 529 of the  
25 Internal Revenue Code (26 U.S.C. 529). The rules shall provide  
26 for the administration expenses of the pool to be paid from its

1 earnings and for the investment earnings in excess of the  
2 expenses and all moneys collected as penalties to be credited  
3 or paid monthly to the several participants in the pool in a  
4 manner which equitably reflects the differing amounts of their  
5 respective investments in the pool and the differing periods of  
6 time for which those amounts were in the custody of the pool.  
7 Also, the rules shall require the maintenance of records that  
8 enable the Treasurer's office to produce a report for each  
9 account in the pool at least annually that documents the  
10 account balance and investment earnings. Notice of any proposed  
11 amendments to the rules and regulations shall be provided to  
12 all participants prior to adoption. Amendments to rules and  
13 regulations shall apply only to contributions made after the  
14 adoption of the amendment.

15       Upon creating the College Savings Pool, the State Treasurer  
16 shall give bond with 2 or more sufficient sureties, payable to  
17 and for the benefit of the participants in the College Savings  
18 Pool, in the penal sum of \$1,000,000, conditioned upon the  
19 faithful discharge of his or her duties in relation to the  
20 College Savings Pool.

21       (Source: P.A. 95-23, eff. 8-3-07; 95-306, eff. 1-1-08; 95-521,  
22 eff. 8-28-07; 95-876, eff. 8-21-08.)

23       Section 10. The Illinois Prepaid Tuition Act is amended by  
24 changing Sections 10, 15, 20, 25, 30, 35, 45, 50, and 60 and by  
25 adding Section 75 as follows:



1 (110 ILCS 979/10)

2 Sec. 10. Definitions. In this Act:

3 "Illinois public university" means the University of  
4 Illinois, Illinois State University, Chicago State University,  
5 Governors State University, Southern Illinois University,  
6 Northern Illinois University, Eastern Illinois University,  
7 Western Illinois University, or Northeastern Illinois  
8 University.

9 "Illinois community college" means a public community  
10 college as defined in Section 1-2 of the Public Community  
11 College Act.

12 "Eligible institution" means an institution of higher  
13 learning, as defined in Section 10 of the Higher Education  
14 Student Assistance Act, whose students are eligible to receive  
15 benefits under Section 529(a) of the Internal Revenue Code of  
16 1986, as specified by the federal Small Business Act of 1996  
17 and subsequent amendments to this federal law.

18 "Illinois prepaid tuition contract" or "contract" means a  
19 contract entered into between the State and a Purchaser under  
20 Section 45 to provide for the higher education of a qualified  
21 beneficiary.

22 "Illinois prepaid tuition program" or "program" means the  
23 program created in Section 15.

24 "Purchaser" means a person who makes or has contracted to  
25 make payments under an Illinois prepaid tuition contract.

1 "Public institution of higher education" means an Illinois  
2 public university or Illinois community college.

3 "Nonpublic institution of higher education" means any  
4 eligible institution, other than a public institution of higher  
5 education.

6 "Qualified beneficiary" means (i) anyone who has been a  
7 resident of this State for at least 12 months prior to the date  
8 of the contract, or (ii) a nonresident, so long as the  
9 purchaser has been a resident of the State for at least 12  
10 months prior to the date of the contract, or (iii) any person  
11 less than one year of age whose parent or legal guardian has  
12 been a resident of this State for at least 12 months prior to  
13 the date of the contract.

14 "Tuition" means the quarter or semester charges imposed on  
15 a qualified beneficiary to attend an eligible institution.

16 "Mandatory Fees" means those quarter or semester fees  
17 imposed upon all students enrolled at an eligible institution.

18 "Registration Fees" means the charges derived by combining  
19 tuition and mandatory fees.

20 "Contract Unit" means 15 credit hours of instruction at an  
21 eligible institution.

22 "Panel" means the investment advisory panel created under  
23 Section 20.

24 ~~"Commission" means the Illinois Student Assistance~~  
25 ~~Commission.~~

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

1 (110 ILCS 979/15)

2 Sec. 15. Creation of Illinois prepaid tuition program.  
3 There is created the Illinois prepaid tuition program to be  
4 administered by the Comptroller ~~Illinois Student Assistance~~  
5 ~~Commission~~. This program is to be administered so that the full  
6 cost of tuition and mandatory fees at Illinois public  
7 universities and Illinois community colleges may be paid in  
8 advance of enrollment through the prior purchase of an Illinois  
9 prepaid tuition contract. The Comptroller ~~Commission~~ may enter  
10 into contracts as may be necessary to provide for  
11 administration of the program and shall develop and implement  
12 rules and regulations necessary for the efficient  
13 administration of the program.

14 All reasonable charges incidental to the administration of  
15 the program by the Comptroller ~~Commission~~ shall be paid in the  
16 initial start-up period for the program's operation from the  
17 General Revenue Fund, pursuant to appropriations made for that  
18 purpose by the General Assembly. Those charges and expenses in  
19 subsequent years shall be paid exclusively from the Illinois  
20 Prepaid Tuition Trust Fund established by Section 35 of this  
21 Act.

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

23 (110 ILCS 979/20)

24 Sec. 20. Investment Advisory Panel. The Illinois prepaid

1 tuition program shall be administered by the Comptroller  
2 ~~Illinois Student Assistance Commission~~, with advice and  
3 counsel from an investment advisory panel appointed by the  
4 Comptroller Commission. The Illinois prepaid tuition program  
5 shall be administratively housed within the Comptroller's  
6 office Commission, and the investment advisory panel shall have  
7 such duties as are specified in this Act.

8 The investment advisory panel shall consist of 7 members  
9 who are appointed by the Comptroller Commission, including one  
10 recommended by the State Treasurer, ~~one recommended by the~~  
11 ~~State Comptroller~~, one recommended by the Director of the  
12 Governor's Office of Management and Budget, and one recommended  
13 by the Executive Director of the Board of Higher Education.  
14 Each panel member shall possess knowledge, skill, and  
15 experience in at least one of the following areas of expertise:  
16 accounting, actuarial practice, risk management, or investment  
17 management. Members shall serve 3-year terms except that, in  
18 making the initial appointments, the Comptroller Commission  
19 shall appoint 2 members to serve for 2 years, 2 members to  
20 serve for 3 years, and 3 members to serve for 4 years. Any  
21 person appointed to fill a vacancy on the panel shall be  
22 appointed in a like manner and shall serve for only the  
23 unexpired term. Investment advisory panel members shall be  
24 eligible for reappointment and shall serve until a successor is  
25 appointed and confirmed. Panel members shall serve without  
26 compensation but shall be reimbursed for expenses. Before being

1 installed as a member of the investment advisory panel, each  
2 nominee shall file verified written statements of economic  
3 interest with the Secretary of State as required by the  
4 Illinois Governmental Ethics Act and with the Board of Ethics  
5 as required by Executive Order of the Governor.

6 The investment advisory panel shall meet at least twice  
7 annually. At least once each year the Comptroller ~~Commission~~  
8 ~~Chairman~~ shall designate a time and place at which the  
9 investment advisory panel shall meet publicly with the  
10 Comptroller ~~Illinois Student Assistance Commission~~ to discuss  
11 issues and concerns relating to the Illinois prepaid tuition  
12 program.

13 (Source: P.A. 94-793, eff. 5-19-06.)

14 (110 ILCS 979/25)

15 Sec. 25. Additional powers of the Comptroller ~~Commission~~.  
16 The Comptroller ~~Commission~~ has the following specific powers  
17 relating to administration of the Illinois prepaid tuition  
18 program:

19 (1) To direct funds to be invested, if not required for  
20 immediate disbursement.

21 (2) To require a reasonable length of State residence  
22 for qualified beneficiaries of Illinois prepaid tuition  
23 contracts.

24 (3) To annually restrict the number of participants in  
25 any prepaid tuition plan authorized by the Comptroller

1 ~~Commission~~, provided that any person denied participation  
2 solely on the basis of such restriction shall be given  
3 priority consideration when opportunities to participate  
4 in the plan are offered during the subsequent year.

5 (4) To appropriately segregate contributions and  
6 payments to the Illinois prepaid tuition program into  
7 various accounts and funds.

8 (5) To solicit and accept gifts, grants, loans, and  
9 other financial assistance from any appropriate source,  
10 and to participate in any other way in any governmental  
11 program that will carry out the express purposes of this  
12 Section.

13 (6) To require and collect administrative fees and  
14 charges in connection with any transaction and to impose  
15 reasonable penalties, including default, for delinquent  
16 payments or for entering into an Illinois prepaid tuition  
17 contract on a fraudulent basis.

18 (7) To impose reasonable time limits on use of the  
19 Illinois prepaid tuition benefits provided by the program,  
20 so long as those limitations are specified within the  
21 Illinois prepaid tuition contract.

22 (8) To indicate the terms and conditions under which  
23 Illinois prepaid tuition contracts may be terminated and to  
24 impose reasonable fees and charges for such termination, so  
25 long as those terms and conditions are specified within the  
26 Illinois prepaid tuition contract.

1           (9) To provide for the receipt of contributions to the  
2 program in lump sum or installment payments.

3           (10) To require that purchasers of Illinois prepaid  
4 tuition contracts verify in writing or by any other method  
5 acceptable to the Comptroller ~~Commission~~ any requests for  
6 contract conversions, substitutions, transfers,  
7 cancellations, refund requests, or contract changes of any  
8 nature.

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

10           (110 ILCS 979/30)

11           Sec. 30. Investment Advisory Panel duties and  
12 responsibilities.

13           (a) Advice and review. The panel shall offer advice and  
14 counseling regarding the investments of the Illinois prepaid  
15 tuition program with the objective of obtaining the best  
16 possible return on investments consistent with actuarial  
17 soundness of the program. The panel is required to annually  
18 review and advise the Comptroller ~~Commission~~ on provisions of  
19 the strategic investment plan for the prepaid tuition program.  
20 The panel is also charged with reviewing and advising the  
21 Comptroller ~~Commission~~ with regard to the annual report that  
22 describes the current financial condition of the program. The  
23 panel at its own discretion also may advise the Comptroller  
24 ~~Commission~~ on other aspects of the program.

25           (b) Investment plan. The Comptroller ~~Commission~~ annually

1 shall adopt a comprehensive investment plan for purposes of  
2 this Section. The comprehensive investment plan shall specify  
3 the investment policies to be utilized by the Comptroller  
4 ~~Commission~~ in its administration of the Illinois Prepaid  
5 Tuition Trust Fund created by Section 35. The Comptroller  
6 ~~Commission~~ may direct that assets of those Funds be placed in  
7 savings accounts or may use the same to purchase fixed or  
8 variable life insurance or annuity contracts, securities,  
9 evidence of indebtedness, or other investment products  
10 pursuant to the comprehensive investment plan and in such  
11 proportions as may be designated or approved under that plan.  
12 The Comptroller ~~Commission~~ shall invest such assets with the  
13 care, skill, prudence, and diligence under the circumstances  
14 then prevailing that a prudent man acting in a like capacity  
15 and familiar with such matters would use in the conduct of an  
16 enterprise of a like character with like aims, and the  
17 Comptroller ~~Commission~~ shall diversify the investments of such  
18 assets so as to minimize the risk of large losses, unless under  
19 the circumstances it is clearly prudent not to do so. Those  
20 insurance, annuity, savings, and investment products shall be  
21 underwritten and offered in compliance with applicable federal  
22 and State laws, rules, and regulations by persons who are  
23 authorized thereunder to provide those services. ~~The~~  
24 ~~Commission shall delegate responsibility for preparing the~~  
25 ~~comprehensive investment plan to the Executive Director of the~~  
26 ~~Commission.~~ Nothing in this Section shall preclude the



1 Comptroller ~~Commission~~ from contracting with a private  
2 corporation or institution to provide such services as may be a  
3 part of the comprehensive investment plan or as may be deemed  
4 necessary for implementation of the comprehensive investment  
5 plan, including, but not limited to, providing consolidated  
6 billing, individual and collective record keeping and  
7 accounting, and asset purchase, control, and safekeeping.

8 (c) Program management. The Comptroller ~~Commission~~ may not  
9 delegate its management functions, but may arrange to  
10 compensate for personalized investment advisory services  
11 rendered with respect to any or all of the investments under  
12 its control an investment advisor registered under Section 8 of  
13 the Illinois Securities Law of 1953 or any bank or other entity  
14 authorized by law to provide those services. Nothing contained  
15 herein shall preclude the Comptroller ~~Commission~~ from  
16 subscribing to general investment research services available  
17 for purchase or use by others. The Comptroller ~~Commission~~ also  
18 shall have authority to compensate for accounting, computing,  
19 and other necessary services.

20 (d) Annual report. The Comptroller ~~Commission~~ shall  
21 annually prepare or cause to be prepared a report setting forth  
22 in appropriate detail an accounting of all Illinois prepaid  
23 tuition program funds and a description of the financial  
24 condition of the program at the close of each fiscal year.  
25 Included in this report shall be an evaluation by at least one  
26 nationally recognized actuary of the financial viability of the

1 program. This report shall be submitted to the Governor, the  
2 President of the Senate, the Speaker of the House of  
3 Representatives, the Auditor General, and the Board of Higher  
4 Education on or before March 1 of the subsequent fiscal year.  
5 This report also shall be made available to purchasers of  
6 Illinois prepaid tuition contracts and shall contain complete  
7 Illinois prepaid tuition contract sales information,  
8 including, but not limited to, projected postsecondary  
9 enrollment data for qualified beneficiaries.

10 (e) Marketing plan. Selection of a marketing agent for the  
11 Illinois prepaid tuition program must be approved by the  
12 Comptroller Commission. At least once every 3 years, the  
13 Comptroller Commission shall solicit proposals for marketing  
14 of the Illinois prepaid tuition program in accordance with the  
15 Illinois Securities Law of 1953 and any applicable provisions  
16 of federal law. The entity designated pursuant to this  
17 paragraph shall serve as a centralized marketing agent for the  
18 program and shall have exclusive responsibility for marketing  
19 the program. No contract for marketing the Illinois prepaid  
20 tuition program shall extend for longer than 3 years. Any  
21 materials produced for the purpose of marketing the program  
22 shall be submitted to the Comptroller ~~Executive Director of the~~  
23 ~~Commission~~ for approval before they are made public. Any  
24 eligible institution may distribute marketing materials  
25 produced for the program, so long as the Comptroller ~~Executive~~  
26 ~~Director of the Commission~~ approves the distribution in

1 advance. Neither the State nor the Comptroller ~~Commission~~ shall  
2 be liable for misrepresentation of the program by a marketing  
3 agent.

4 (f) Accounting and audit. The Comptroller ~~Commission~~ shall  
5 annually cause to be prepared an accounting of the trust and  
6 shall transmit a copy of the accounting to the Governor, the  
7 President of the Senate, the Speaker of the House, and the  
8 minority leaders of the Senate and House of Representatives.  
9 The Comptroller ~~Commission~~ shall also make available this  
10 accounting of the trust to any purchaser of an Illinois prepaid  
11 tuition contract, upon request. The accounts of the Illinois  
12 prepaid tuition program shall be subject to annual audits by  
13 the Auditor General or a certified public accountant appointed  
14 by the Auditor General.

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

16 (110 ILCS 979/35)

17 Sec. 35. Illinois Prepaid Tuition Trust Fund.

18 (a) The Illinois Prepaid Tuition Trust Fund is created as  
19 the repository of all moneys received by the Comptroller  
20 ~~Commission~~ in conjunction with the Illinois prepaid tuition  
21 program. The Illinois Prepaid Tuition Trust Fund also shall be  
22 the official repository of all contributions, appropriations,  
23 interest and dividend payments, gifts, or other financial  
24 assets received by the Comptroller ~~Commission~~ in connection  
25 with operation of the Illinois prepaid tuition program. All

1 such moneys shall be deposited in the Illinois Prepaid Tuition  
2 Trust Fund and held by the State Treasurer as ex-officio  
3 custodian thereof, outside of the State Treasury, separate and  
4 apart from all public moneys or funds of this State.

5 All interest or other earnings accruing or received on  
6 amounts in the Illinois Prepaid Tuition Trust Fund shall be  
7 credited to and retained by the Fund. Moneys, interest, or  
8 other earnings paid into the Fund shall not be transferred or  
9 allocated by ~~the Commission,~~ the State Treasurer, or the State  
10 Comptroller to any other fund, nor shall the Governor authorize  
11 any such transfer or allocation, while any contracts are  
12 outstanding. The State Comptroller shall not offset moneys paid  
13 to institutions from the Illinois Prepaid Tuition Trust Fund  
14 (unless the Trust Fund moneys are used for child support). In  
15 addition, no moneys, interest, or other earnings paid into the  
16 Fund shall be used, temporarily or otherwise, for interfund  
17 borrowing or be otherwise used or appropriated except as  
18 expressly authorized in this Act.

19 The Illinois Prepaid Tuition Trust Fund and each individual  
20 participant account that may be created in that Fund in  
21 conjunction with the Illinois prepaid tuition program shall be  
22 subject to audit in the same manner as funds and accounts  
23 belonging to the State of Illinois and shall be protected by  
24 the official bond given by the State Treasurer.

25 (b) The Comptroller ~~Commission~~ from time to time shall  
26 direct the State Treasurer to invest moneys in the Illinois

1 Prepaid Tuition Trust Fund that are not needed for immediate  
2 disbursement, in accordance with provisions of the investment  
3 plan approved by the Comptroller ~~Commission~~.

4 (c) The Comptroller ~~Executive Director of the Commission~~  
5 shall, at such times and in such amounts as shall be necessary,  
6 prepare and send to the State Comptroller vouchers requesting  
7 payment from the Illinois Prepaid Tuition Trust Fund for: (i)  
8 registration fee payments to eligible institutions on behalf of  
9 qualified beneficiaries of Illinois prepaid tuition contracts,  
10 and (ii) payments associated with administration of the  
11 Illinois prepaid tuition program.

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

1           During the first 18 months of operation of the Illinois  
2 prepaid tuition program, the Governor shall request an  
3 appropriation to the Comptroller ~~Commission~~ from general funds  
4 sufficient to pay for start-up costs associated with  
5 establishment of the program. This appropriation constitutes a  
6 loan that shall be repaid to the General Revenue Fund within 5  
7 years by the Comptroller ~~Commission~~ from prepaid tuition  
8 program contributions. Subsequent program administrative costs  
9 shall be provided from reasonable fees and charges equitably  
10 assessed to purchasers of prepaid tuition contracts.

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

21           (f) In the event the Comptroller ~~Commission~~, with the  
22 concurrence of the Governor, determines the program to be  
23 financially infeasible, the Comptroller ~~Commission~~ may  
24 discontinue, prospectively, the operation of the program. Any  
25 qualified beneficiary who has been accepted by and is enrolled  
26 or will within 5 years enroll at an eligible institution shall

1 be entitled to exercise the complete benefits specified in the  
2 Illinois prepaid tuition contract. All other contract holders  
3 shall receive an appropriate refund of all contributions and  
4 accrued interest up to the time that the program is  
5 discontinued.

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

7 (110 ILCS 979/45)

8 Sec. 45. Illinois prepaid tuition contracts.

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

20 (b) Each contract shall have one designated purchaser and  
21 one designated qualified beneficiary. Unless otherwise  
22 specified in the contract, the purchaser owns the contract and  
23 retains any tax liability for its assets only until the first  
24 distribution of benefits. Contracts shall be purchased in units  
25 of 15 credit hours.

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

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

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

19               (1) The amount of payment or payments and the number of  
20 payments required from a purchaser on behalf of a qualified  
21 beneficiary.

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

25               (3) Provisions for late payment charges and for  
26 default.



1           (4) Provisions for penalty fees payable incident to an  
2 authorized withdrawal.

3           (5) The name, date of birth, and social security number  
4 of the qualified beneficiary on whose behalf the contract  
5 is drawn and the terms and conditions under which the  
6 contract may be transferred to another qualified  
7 beneficiary.

8           (6) The name and social security number of any person  
9 who may terminate the contract, together with terms that  
10 specify whether the contract may be terminated by the  
11 purchaser, the qualified beneficiary, a specific  
12 designated person, or any combination of these persons.

13           (7) The terms and conditions under which a contract may  
14 be terminated, the name and social security number of the  
15 person entitled to any refund due as a result of the  
16 termination of the contract pursuant to those terms and  
17 conditions, and the method for determining the amount of a  
18 refund.

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

22           (9) Other terms and conditions determined by the  
23 Comptroller ~~Commission~~ to be appropriate.

24           (f) In addition to the contract provisions set forth in  
25 subsection (e), each Illinois prepaid tuition contract shall  
26 include:

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

3           (2) The type of eligible institution and the prepaid  
4 tuition plan toward which the credit hours shall be  
5 applied.

6           (3) The explicit contractual obligation of the  
7 Comptroller ~~Commission~~ to the qualified beneficiary to  
8 provide a specific number of credit hours of undergraduate  
9 instruction at an eligible institution, not to exceed the  
10 maximum number of credit hours required for the conference  
11 of a degree that corresponds to the plan purchased on  
12 behalf of the qualified beneficiary.

13           (g) The Comptroller ~~Commission~~ shall indicate by rule the  
14 conditions under which refunds are payable to a contract  
15 purchaser. Generally, no refund shall exceed the amount paid  
16 into the Illinois Prepaid Tuition Trust Fund by the purchaser.  
17 In the event that a contract is converted from a Public  
18 University Plan described in subsection (j) of this Section to  
19 a Community College Plan described in subsection (k) of this  
20 Section, the refund amount shall be reduced by the amount  
21 transferred to the Illinois community college on behalf of the  
22 qualified beneficiary. Except where the Comptroller ~~Commission~~  
23 may otherwise rule, refunds may exceed the amount paid into the  
24 Illinois Prepaid Tuition Trust Fund only under the following  
25 circumstances:

26           (1) If the qualified beneficiary is awarded a grant or

1 scholarship at a public institution of higher education,  
2 the terms of which duplicate the benefits included in the  
3 Illinois prepaid tuition contract, then moneys paid for the  
4 purchase of the contract shall be returned to the  
5 purchaser, upon request, in semester installments that  
6 coincide with the matriculation by the qualified  
7 beneficiary, in an amount equal to the current cost of  
8 tuition and mandatory fees at the public institution of  
9 higher education where the qualified beneficiary is  
10 enrolled.

11 (1.5) If the qualified beneficiary is awarded a grant  
12 or scholarship while enrolled at either an eligible  
13 nonpublic institution of higher education or an eligible  
14 public or private out-of-state higher education  
15 institution, the terms of which duplicate the benefits  
16 included in the Illinois prepaid tuition contract, then  
17 money paid for the purchase of the contract shall be  
18 returned to the purchaser, upon request, in semester  
19 installments that coincide with the matriculation by the  
20 qualified beneficiary. The amount paid shall not exceed the  
21 current average mean-weighted credit hour value of the  
22 registration fees purchased under the contract.

23 (2) In the event of the death or total disability of  
24 the qualified beneficiary, moneys paid for the purchase of  
25 the Illinois prepaid tuition contract shall be returned to  
26 the purchaser together with all accrued earnings.

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

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

9           The Comptroller ~~Commission~~, by rule, shall set forth  
10 specific procedures for making contract payments in  
11 conjunction with grants and scholarships awarded to contract  
12 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 exempt  
16 from all claims of creditors of the purchaser or beneficiary,  
17 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 this  
25 Act.

26           (h) Nothing in this Act shall be construed as a promise or

1 guarantee that a qualified beneficiary will be admitted to an  
2 eligible institution or to a particular eligible institution,  
3 will be allowed to continue enrollment at an eligible  
4 institution after admission, or will be graduated from an  
5 eligible institution.

6 (i) The Comptroller ~~Commission~~ shall develop and make  
7 prepaid tuition contracts available under a minimum of at least  
8 2 independent plans to be known as the Public University Plan  
9 and the Community College Plan.

10 Contracts shall be purchased in units of 15 credit hours at  
11 either an Illinois public university or an Illinois community  
12 college. The minimum purchase amount per qualified beneficiary  
13 shall be one unit or 15 credit hours. The maximum purchase  
14 amount shall be 9 units (or 135 credit hours) for the Public  
15 University Plan and 4 units (or 60 credit hours) for the  
16 Community College Plan.

17 (j) Public University Plan. Through the Public University  
18 Plan, the Illinois prepaid tuition contract shall provide  
19 prepaid registration fees, which include full tuition costs as  
20 well as mandatory fees, for a specified number of undergraduate  
21 credit hours, not to exceed the maximum number of credit hours  
22 required for the conference of a baccalaureate degree. In  
23 determining the cost of participation in the Public University  
24 Plan, the Comptroller ~~Commission~~ shall reference the combined  
25 mean-weighted current registration fees from Illinois public  
26 universities.

1           In the event that a qualified beneficiary for whatever  
2 reason chooses to attend an Illinois community college, the  
3 qualified beneficiary may convert the average number of credit  
4 hours required for the conference of an associate degree from  
5 the Public University Plan to the Community College Plan and  
6 may retain the remaining Public University Plan credit hours or  
7 may request a refund for prepaid credit hours in excess of  
8 those required for conference of an associate degree. In  
9 determining the amount of any refund, the Comptroller  
10 ~~Commission~~ also shall recognize the current relative credit  
11 hour cost of the 2 plans when making any conversion.

12           Qualified beneficiaries shall bear the cost of any  
13 laboratory or other non-mandatory fees associated with  
14 enrollment in specific courses. Qualified beneficiaries who  
15 are not Illinois residents shall bear the difference in cost  
16 between in-state registration fees guaranteed by the prepaid  
17 tuition contract and tuition and other charges assessed upon  
18 out-of-state students by the eligible institution.

19           (k) Community College Plan. Through the Community College  
20 Plan, the Illinois prepaid tuition contract shall provide  
21 prepaid registration fees, which include full tuition costs as  
22 well as mandatory fees, for a specified number of undergraduate  
23 credit hours, not to exceed the maximum number of credit hours  
24 required for the conference of an associate degree. In  
25 determining the cost of participation in the Community College  
26 Plan, the Comptroller ~~Commission~~ shall reference the combined

1 mean-weighted current registration fees from all Illinois  
2 community colleges.

3 In the event that a qualified beneficiary for whatever  
4 reason chooses to attend an Illinois public university, the  
5 qualified beneficiary's prepaid tuition contract shall be  
6 converted for use at that Illinois public university by  
7 referencing the current average mean-weighted credit hour  
8 value of registration fees at Illinois community colleges  
9 relative to the corresponding value of registration fees at  
10 Illinois public universities.

11 Qualified beneficiaries shall bear the cost of any  
12 laboratory or other non-mandatory fees associated with  
13 enrollment in specific courses. Qualified beneficiaries who  
14 are not Illinois residents shall bear the difference in cost  
15 between in-state registration fees guaranteed by the prepaid  
16 tuition contract and tuition and other charges assessed upon  
17 out-of-state students by the eligible institution.

18 (1) A qualified beneficiary may apply the benefits of any  
19 Illinois prepaid tuition contract toward a nonpublic  
20 institution of higher education. In the event that a qualified  
21 beneficiary for whatever reason chooses to attend a nonpublic  
22 institution of higher education, the qualified beneficiary's  
23 prepaid tuition contract shall be converted for use at that  
24 nonpublic institution of higher education by referencing the  
25 current average mean-weighted credit hour value of  
26 registration fees purchased under the contract. The

1 Comptroller ~~Commission~~ shall transfer, or cause to have  
2 transferred, this amount, less a transfer fee, to the nonpublic  
3 institution on behalf of the beneficiary. In the event that the  
4 cost of registration charged to the beneficiary at the  
5 nonpublic institution of higher education is less than the  
6 aggregate value of the Illinois prepaid tuition contract, any  
7 remaining amount shall be transferred in subsequent semesters  
8 until the transfer value is fully depleted.

9 (m) A qualified beneficiary may apply the benefits of any  
10 Illinois prepaid tuition contract toward an eligible  
11 out-of-state college or university. Institutional eligibility  
12 for out-of-state colleges and universities shall be determined  
13 by the Comptroller ~~Commission~~ according to standards  
14 substantially equivalent to those for an eligible institution  
15 located in this State, as described in the definition of  
16 "institution of higher learning" in Section 10 of the Higher  
17 Education Student Assistance Act. In the event that a qualified  
18 beneficiary for whatever reason chooses to attend an eligible  
19 out-of-state college or university, the qualified  
20 beneficiary's prepaid tuition contract shall be converted for  
21 use at that college or university by referencing the current  
22 average mean-weighted credit hour value of registration fees  
23 purchased under the contract. The Comptroller ~~Commission~~ shall  
24 transfer, or cause to have transferred, this amount, less a  
25 transfer fee, to the college or university on behalf of the  
26 beneficiary. In the event that the cost of registration charged



1 to the beneficiary at the eligible out-of-state college or  
2 university is less than the aggregate value of the Illinois  
3 prepaid tuition contract, any remaining amount shall be  
4 transferred in subsequent semesters until the transfer value is  
5 fully depleted.

6 (n) Illinois prepaid tuition contracts may be purchased  
7 either by lump sum or by installments. No penalty shall be  
8 assessed for early payment of installment contracts.

9 (o) The Comptroller ~~Commission~~ shall annually adjust the  
10 price of new contracts, in accordance with the annual changes  
11 in registration fees at Illinois public universities and  
12 community colleges.

13 (Source: P.A. 95-217, eff. 8-16-07; 96-1282, eff. 7-26-10.)

14 (110 ILCS 979/50)

15 Sec. 50. Confidentiality and disclosure. Information that  
16 (i) identifies the purchasers or qualified beneficiaries of any  
17 Illinois prepaid tuition contract or any terms or provisions of  
18 any such contract as those terms and provisions relate to a  
19 particular purchaser or qualified beneficiary, or (ii)  
20 discloses any other matter relating to the participation of any  
21 such purchaser or qualified beneficiary in the Illinois prepaid  
22 tuition program or in any independent plan under which that  
23 program is administered, is exempt from inspection, copying, or  
24 disclosure under the Freedom of Information Act. The  
25 Comptroller ~~Commission~~ may authorize the program's records

1 administrator to release such information to appropriate  
2 personnel at the eligible institution at which the beneficiary  
3 may enroll or is enrolled or to another state or federal  
4 agency, for purposes that the Comptroller ~~Commission~~ deems  
5 appropriate, in accordance with applicable state and federal  
6 law. However, any such institution or agency to which that  
7 information is released shall ensure the continued  
8 confidentiality of the information.

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

10 (110 ILCS 979/60)

11 Sec. 60. Securities Registration Exemption. Illinois  
12 prepaid tuition contracts shall be exempt from registration  
13 under the Illinois Securities Law of 1953. However no contract  
14 may be sold or otherwise transferred by the purchaser or  
15 qualified beneficiary without the prior approval of the  
16 Comptroller ~~Commission~~, except in accordance with the terms  
17 explicitly set forth in the contract.

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

19 (110 ILCS 979/75 new)

20 Sec. 75. Successor agency. For purposes of the Successor  
21 Agency Act and Section 9b of the State Finance Act, the office  
22 of the Comptroller is the successor to the Illinois Student  
23 Assistance Commission for purposes of this Act. The office of  
24 the Comptroller succeeds to and assumes all powers, duties,

1 rights, responsibilities, personnel, assets, liabilities, and  
2 indebtedness of the Illinois Student Assistance Commission  
3 under this Act. Any reference in any law, rule, form, or other  
4 document to the Illinois Student Assistance Commission with  
5 respect to this Act is deemed to be a reference to the office  
6 of the Comptroller.

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