

AN ACT concerning education.

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

Section 1. Short title. This Act may be cited as the Task Force on Higher Education Private Student Loans.

Section 5. Legislative findings. The General Assembly makes all of the following findings:

(1) Today, private loans constitute 20% of total education loan money, whereas 10 years ago private loans constituted 5% of student loans.

(2) Tuition at public universities has risen 57% in the past 5 years.

(3) Between 2000-2001 and 2005-2006, private student loan volume grew at an average rate of 27% to a total of \$17.3 billion.

(4) Borrowers who do not complete their degrees are 10 times as likely to default on their loan and twice as likely to be unemployed.

(5) Predatory and subprime lending practices have caused a crisis in the housing and real estate industry, and it is the interest of all parties involved to avoid a similar crisis involving private student loans.

Section 10. Creation of Task Force. There is created the Task Force on Higher Education Private Student Loans consisting of all of the following members:

(1) One member each appointed by the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, and the Minority Leader of the House of Representatives.

(2) One member appointed by the Chairman of the Illinois Student Assistance Commission to serve as chairperson of the Task Force.

(3) One member appointed by the Attorney General.

(4) Four members appointed by the Governor as follows:

(A) One member representing a banking organization.

(B) One member representing private schools and universities.

(C) One member representing a student loan corporation.

(D) One other member.

(5) The Chairman of the Board of Higher Education or his or her designee.

(6) The State Treasurer or his or her designee to serve as the co-chairperson of the Task Force.

(7) The Secretary of the Department of Financial and Professional Regulation or his or her designee.

Section 15. Duties. The duties of the Task Force on Higher Education Private Student Loans shall include without limitation all of the following:

(1) To investigate the rates, fees, and terms associated with private student loans made to students in this State.

(2) To investigate how rates, fees, and terms impact the accessibility of private student loans, affordability of student loans, and choice of institution students have.

(3) To investigate the impact rates, fees, and terms have on students after graduation, specifically the following:

(A) The amount of debt they carry.

(B) The impact on pursuing post-graduate degrees.

(C) The ability to repay their loans.

(4) To investigate the relationship between rising tuition and the availability of private loans.

(5) To assess the impact of capping private student loan fees charged by lenders.

(6) To investigate how many private student loans are in default or are not able to be repaid.

(7) To investigate what rates, fees, and terms are common to those private student loans in default.

(8) To assess what impact loan defaults have on lending institutions.

(9) To assess the impact a loan default has on the

borrower.

(10) To study what additional disclosures can be made to students regarding high risk loans, financial information, financial choices, and financial aid available.

(11) To investigate what higher education institutions can do to advise students on their financial aid and loan resources.

(12) To investigate if race and ethnicity are a factor in the rates, fees, and terms associated with private student loans.

Section 20. Task Force assistance. The Office of the Illinois Student Assistance Commission shall be responsible for administrative and logistical support of the Task Force on Higher Education Private Student Loans, including coordination of Task Force member appointments, distribution of meeting notices and minutes, coordination of meeting logistics, facilitation of public meetings, and the drafting and filing of the report under Section 25 of this Act. Task Force members or staff liaisons or both may confer and collaborate with relevant State and national organizations with expertise.

Section 25. Report; dissolution of Task Force. The Task Force on Higher Education Private Student Loans shall report its findings and recommendations to the General Assembly by

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filing copies of its report by December 31, 2010 as provided in Section 3.1 of the General Assembly Organization Act. Upon filing this report the Task Force is dissolved.

Section 90. Expiration of Act. This Act is repealed on January 1, 2011.

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