AN ACT concerning government.

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

Section 1. The State Treasurer Act is amended by changing Section 16.5 as follows:

(15 ILCS 505/16.5)

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

"Participant", as used in this Section, means any person who has authority to withdraw funds, change the designated beneficiary, or otherwise exercise control over an account. "Donor", as used in this Section, means any person who makes investments in the pool. "Designated beneficiary", as used in this Section, means any person on whose behalf an account is established in the College Savings Pool by a participant. Both in-state and out-of-state persons may be participants, donors, and designated beneficiaries in the College Savings Pool. <u>The</u>

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College Savings Pool must be available to any individual with a valid social security number or taxpayer identification number for the benefit of any individual with a valid social security number or taxpayer identification number, unless a contract in effect on the effective date of this amendatory Act of the 97th General Assembly does not allow for taxpayer identification numbers, in which case taxpayer identification numbers must be allowed upon the expiration of the contract.

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

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selected by the State Treasurer within one business day following the day that the funds must be made available in accordance with federal law. All communications from the State Treasurer to participants and donors shall reference the participating financial institution at which the account was processed.

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

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

Participants shall be required to use moneys distributed from the College Savings Pool for qualified expenses at eligible educational institutions. "Qualified expenses", as used in this Section, means the following: (i) tuition, fees, and the costs of books, supplies, and equipment required for enrollment or attendance at an eligible educational institution and (ii) certain room and board expenses incurred while attending an eligible educational institution at least half-time. "Eligible educational institutions", as used in this Section, means public and private colleges, junior colleges, graduate schools, and certain vocational

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institutions that are described in Section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and that are eligible to participate in Department of Education student aid programs. A student shall be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic work load for the course of study the student is pursuing as determined under the standards of the institution at which the student is enrolled. Distributions made from the pool for qualified expenses shall be made directly to the eligible educational institution, directly to a vendor, or in the form of a check payable to both the beneficiary and the institution or vendor. Any moneys that are distributed in any other manner or that are used for expenses other than qualified expenses at an eligible educational institution shall be subject to a penalty of 10% of the earnings unless the beneficiary dies, becomes disabled, or receives a scholarship that equals or exceeds the distribution. Penalties shall be withheld at the time the distribution is made.

The Treasurer shall limit the contributions that may be made on behalf of a designated beneficiary based on the limitations established by the Internal Revenue Service. The contributions made on behalf of a beneficiary who is also a beneficiary under the Illinois Prepaid Tuition Program shall be further restricted to ensure that the contributions in both programs combined do not exceed the limit established for the College Savings Pool. The Treasurer shall provide the Illinois

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

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

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

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

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

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

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

Section 3. The School Code is amended by changing Section 21-25 as follows:

(105 ILCS 5/21-25) (from Ch. 122, par. 21-25)

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Sec. 21-25. School service personnel certificate.

(a) For purposes of this Section, "school service personnel" means persons employed and performing appropriate services in an Illinois public or State-operated elementary school, secondary school, or cooperative or joint agreement with a governing body or board of control or a charter school operating in compliance with the Charter Schools Law in a position requiring a school service personnel certificate.

Subject to the provisions of Section 21-1a, a school service personnel certificate shall be issued to those applicants of good character, good health, a citizen of the United States and at least 19 years of age who have a Bachelor's degree with not fewer than 120 semester hours from a regionally accredited institution of higher learning and who meets the requirements established by the State Superintendent of Education in consultation with the State Teacher Certification Board. A school service personnel certificate with a school nurse endorsement may be issued to a person who holds a bachelor of science degree from an institution of higher learning accredited by the North Central Association or other comparable regional accrediting association. Persons seeking any other endorsement on the school service personnel certificate shall be recommended for the endorsement by a recognized teacher education institution as having completed a program of preparation approved by the State Superintendent of Education in consultation with the State Teacher Certification

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Board.

(b) Until August 30, 2002, a school service personnel certificate endorsed for school social work may be issued to a student who has completed a school social work program that has not been approved by the State Superintendent of Education, provided that each of the following conditions is met:

(1) The program was offered by a recognized, public teacher education institution that first enrolled students in its master's degree program in social work in 1998;

(2) The student applying for the school service personnel certificate was enrolled in the institution's master's degree program in social work on or after May 11, 1998;

(3) The State Superintendent verifies that the student has completed coursework that is substantially similar to that required in approved school social work programs, including (i) not fewer than 600 clock hours of a supervised internship in a school setting or (ii) if the student has completed part of a supervised internship in a school setting prior to the effective date of this amendatory Act of the 92nd General Assembly and receives the prior approval of the State Superintendent, not fewer than 300 additional clock hours of supervised work in a public school setting under the supervision of a certified school social worker who certifies that the supervised work was completed in a satisfactory manner; and

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(4) The student has passed a test of basic skills and the test of subject matter knowledge required by Section 21-1a.

This subsection (b) does not apply after August 29, 2002.

(c) A school service personnel certificate shall be endorsed with the area of Service as determined by the State Superintendent of Education in consultation with the State Teacher Certification Board.

The holder of such certificate shall be entitled to all of the rights and privileges granted holders of a valid teaching certificate, including teacher benefits, compensation and working conditions.

When the holder of such certificate has earned a master's degree, including 8 semester hours of graduate professional education from a recognized institution of higher learning, and has at least 2 years of successful school experience while holding such certificate, the certificate may be endorsed for supervision.

(d) Persons who have successfully achieved National Board certification through the National Board for Professional Teaching Standards shall be issued a Master School Service Personnel Certificate, valid for 10 years and renewable thereafter every 10 years through compliance with requirements set forth by the State Board of Education, in consultation with the State Teacher Certification Board. However, each holder of a Master School Service Personnel Certificate shall be eligible

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for a corresponding position in this State in the areas for which he or she holds a Master Certificate without satisfying any other requirements of this Code, except for those requirements pertaining to criminal background checks.

(e) School service personnel certificates are renewable every 5 years and may be renewed as provided in this Section. Requests for renewals must be submitted, in a format prescribed by the State Board of Education, to the regional office of education responsible for the school where the holder is employed.

Upon completion of at least 80 hours of continuing professional development as provided in this subsection (e), a person who holds a valid school service personnel certificate shall have his or her certificate renewed for a period of 5 years. A person who (i) holds an active license issued by the State as a clinical professional counselor, a professional counselor, a clinical social worker, a social worker, or a speech-language pathologist; (ii) holds national certification as a Nationally Certified School Psychologist from the National School Psychology Certification Board; (iii) is nationally certified as a National Certified School Nurse from the National Board for Certification of School Nurses; (iv) is nationally certified as a National Certified Counselor or National Certified School Counselor from the National Board for Certified Counselors; or (v) holds a Certificate of Clinical Competence from the American Speech-Language-Hearing

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Association shall be deemed to have satisfied the continuing professional development requirements established by the State Board of Education and the State Teacher Certification Board to renew a school service personnel certificate.

School service personnel certificates may be renewed by the State Teacher Certification Board based upon proof of continuing professional development. The State Board of Education shall (i) establish a procedure for renewing school service personnel certificates, which shall include without limitation annual timelines for the renewal process and the components set forth in this Section; (ii) approve or disapprove the providers of continuing professional development activities; and (iii) provide, on a timely basis to all school service personnel certificate holders, regional superintendents of schools, school districts, and others with an interest in continuing professional development, information about the standards and requirements established pursuant to this subsection (e).

Any school service personnel certificate held by an individual employed and performing services in an Illinois public or State-operated elementary school, secondary school, or cooperative or joint agreement with a governing body or board of control in a certificated school service personnel position or in a charter school in compliance with the Charter Schools Law must be maintained Valid and Active through certificate renewal activities specified in the certificate

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renewal procedure established pursuant to this Section, provided that a holder of a Valid and Active certificate who is only employed on either a part-time basis or day-to-day basis as a substitute shall pay only the required registration fee to renew his or her certificate and maintain it as Valid and Active. All other school service personnel certificates held may be maintained as Valid and Exempt through the registration process provided for in the certificate renewal procedure established pursuant to Section 21-14 of this Code. A Valid and Exempt certificate must be immediately activated, through procedures developed by the State Board of Education upon the certificate holder becoming employed and performing services in an Illinois public or State-operated elementary school, secondary school, or cooperative or joint agreement with a governing body or board of control in a certificated school service personnel position or in a charter school operating in compliance with the Charter Schools Law. A holder of a Valid and Exempt certificate may activate his or her certificate through procedures provided for in the certificate renewal procedure established pursuant to this Section.

A school service personnel certificate that has been maintained as Valid and Active for the 5 years of the certificate's validity shall be renewed as Valid and Active upon the certificate holder (i) completing the National Board for Professional Teaching Standards process in an area of concentration comparable to the holder's school service

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personnel certificate of endorsement or (ii) earning 80 continuing professional development units as described in this Section. If, however, the certificate holder has maintained the certificate as Valid and Exempt for a portion of the 5-year period of validity, the number of continuing professional development units needed to renew the certificate as Valid and Active must be proportionately reduced by the amount of time the certificate was Valid and Exempt. If a certificate holder is employed and performs services requiring the holder's school service personnel certificate on a part-time basis for all or a portion of the certificate's 5-year period of validity, the number of continuing professional development units needed to renew the certificate as Valid and Active shall be reduced by 50% for the amount of time the certificate holder has been employed and performing such services on a part-time basis. "Part-time" means less than 50% of the school day or school term.

Beginning July 1, 2008, in order to satisfy the requirements for continuing professional development provided for in this Section, each Valid and Active school service personnel certificate holder shall complete professional development activities that address the certificate or those certificates that are required of his or her certificated position, if the certificate holder is employed and performing services in an Illinois public or State operated elementary school, secondary school, or cooperative or joint agreement

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with a governing body or board of control, or that certificate or those certificates most closely related to his or her teaching position, if the certificate holder is employed in a charter school. Except as otherwise provided in this subsection (e), the certificate holder's activities must address and must reflect the following continuing professional development purposes:

(1) Advance both the certificate holder's knowledge and skills consistent with the Illinois Standards for the service area in which the certificate is endorsed in order to keep the certificate holder current in that area.

(2) Develop the certificate holder's knowledge and skills in areas determined by the State Board of Education to be critical for all school service personnel.

(3) Address the knowledge, skills, and goals of the certificate holder's local school improvement plan, if the certificate holder is employed in an Illinois public or State-operated elementary school, secondary school, or cooperative or joint agreement with a governing body or board of control.

(4) Address the needs of serving students with disabilities, including adapting and modifying clinical or professional practices to meet the needs of students with disabilities and serving such students in the least restrictive environment.

(5) Address the needs of serving students who are the

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children of immigrants, including, if the certificate holder is employed as a counselor in an Illinois public or State-operated secondary school, opportunities for higher education for students who are undocumented immigrants.

The coursework or continuing professional development units ("CPDU") required under this subsection (e) must total 80 CPDUs or the equivalent and must address 4 ~~3~~ of the 5 ~~4~~ purposes described in items (1) through (5) ~~(4)~~ of this subsection (e). Holders of school service personnel certificates may fulfill this obligation with any combination of semester hours or CPDUs as follows:

(A) Collaboration and partnership activities related to improving the school service personnel certificate holder's knowledge and skills, including (i) participating on collaborative planning and professional improvement teams and committees; (ii) peer review and coaching; (iii) mentoring in a formal mentoring program, including service as a consulting teacher participating in a remediation process formulated under Section 24A-5 of this Code; (iv) participating in site-based management or decision-making teams, relevant committees, boards, or task forces directly related to school improvement plans; (v) coordinating community resources in schools, if the project is a specific goal of the school improvement plan; (vi) facilitating parent education programs for a school, school district, or regional office of education directly

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related to student achievement or school improvement plans; (vii) participating in business, school, or community partnerships directly related to student achievement or school improvement plans; or (viii) supervising a student teacher (student services personnel) or teacher education candidate in clinical supervision, provided that the supervision may be counted only once during the course of 5 years.

(B) Coursework from a regionally accredited institution of higher learning related to one of the purposes listed in items (1) through (4) of this subsection (e), which shall apply at the rate of 15 continuing professional development units per semester hour of credit earned during the previous 5-year period when the status of the holder's school service personnel certificate was Valid and Active. Proportionate reductions shall apply when the holder's status was Valid and Active for less than the 5-year period preceding the renewal.

(C) Teaching college or university courses in areas relevant to the certificate area being renewed, provided that the teaching may be counted only once during the course of 5 years.

(D) Conferences, workshops, institutes, seminars, or symposiums designed to improve the certificate holder's knowledge and skills in the service area and applicable to the purposes listed in items (1) through (5) ~~(4)~~ of this

subsection (e). One CPDU shall be awarded for each hour of attendance. No one shall receive credit for conferences, workshops, institutes, seminars, or symposiums that are designed for entertainment, promotional, or commercial purposes or that are solely inspirational or motivational. The State Superintendent of Education and regional superintendents of schools are authorized to review the activities and events provided or to be provided under this subdivision (D) and to investigate complaints regarding those activities and events. Either the State Superintendent of Education or a regional superintendent of schools may recommend that the State Board of Education disapprove those activities and events considered to be inconsistent with this subdivision (D).

(E) Completing non-university credit directly related to student achievement, school improvement plans, or State priorities.

(F) Participating in or presenting at workshops, seminars, conferences, institutes, or symposiums.

(G) Training as external reviewers for quality assurance.

(H) Training as reviewers of university teacher preparation programs.

(I) Other educational experiences related to improving the school service personnel's knowledge and skills as a teacher, including (i) participating in action research

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and inquiry projects; (ii) traveling related to one's assignment and directly related to school service personnel achievement or school improvement plans and approved by the regional superintendent of schools or his or her designee at least 30 days prior to the travel experience, provided that the traveling shall not include time spent commuting to destinations where the learning experience will occur; (iii) participating in study groups related to student achievement or school improvement plans; (iv) serving on a statewide education-related committee, including without limitation the State Teacher Certification Board, State Board of Education strategic agenda teams, or the State Advisory Council on Education of Children with Disabilities; (v) participating in work/learn programs or internships; or (vi) developing a portfolio of student and teacher work.

(J) Professional leadership experiences related to improving the teacher's knowledge and skills as a teacher, including (i) participating in curriculum development or assessment activities at the school, school district, regional office of education, State, or national level; (ii) participating in team or department leadership in a school or school district; (iii) participating on external or internal school or school district review teams; (iv) publishing educational articles, columns, or books relevant to the certificate area being renewed; or (v)

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participating in non-strike-related professional association or labor organization service or activities related to professional development.

(Source: P.A. 94-105, eff. 7-1-05; 95-592, eff. 7-1-08.)

Section 5. The Higher Education Student Assistance Act is amended by adding Section 67 and by changing Section 75 as follows:

(110 ILCS 947/67 new)

Sec. 67. Illinois DREAM Fund Commission.

(a) The Illinois Student Assistance Commission shall establish an Illinois DREAM Fund Commission. The Governor shall appoint, with the advice and consent of the Senate, members to the Illinois DREAM Fund Commission, which shall be comprised of 9 members representing the geographic and ethnic diversity of this State, including students, college and university administrators and faculty, and other individuals committed to advancing the educational opportunities of the children of immigrants.

(b) The Illinois DREAM Fund Commission is charged with all of the following responsibilities:

(1) Administering this Section and raising funds for the Illinois DREAM Fund.

(2) Establishing a not-for-profit entity charged with raising funds for the administration of this Section, any

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educational or training programs the Commission is tasked with administering, and funding scholarships to students who are the children of immigrants to the United States.

(3) Publicizing the availability of scholarships from the Illinois DREAM Fund.

(4) Selecting the recipients of scholarships funded through the Illinois DREAM Fund.

(5) Researching issues pertaining to the availability of assistance with the costs of higher education for the children of immigrants and other issues regarding access for and the performance of the children of immigrants within higher education.

(6) Overseeing implementation of the other provisions of this amendatory Act of the 97th General Assembly.

(7) Establishing and administering training programs for high school counselors and counselors, admissions officers, and financial aid officers of public institutions of higher education. The training programs shall instruct participants on the educational opportunities available to college-bound students who are the children of immigrants, including, but not limited to, in-state tuition and scholarship programs. The Illinois DREAM Fund Commission may also establish a public awareness campaign regarding educational opportunities available to college bound students who are the children of immigrants. The Illinois DREAM Fund Commission shall establish, by

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rule, procedures for accepting and evaluating applications for scholarships from the children of immigrants and issuing scholarships to selected student applicants.

(c) To receive a scholarship under this Section, a student must meet all of the following qualifications:

(1) Have resided with his or her parents or guardian while attending a public or private high school in this State.

(2) Have graduated from a public or private high school or received the equivalent of a high school diploma in this State.

(3) Have attended school in this State for at least 3 years as of the date he or she graduated from high school or received the equivalent of a high school diploma.

(4) Have at least one parent who immigrated to the United States.

(d) The Illinois Student Assistance Commission shall establish an Illinois DREAM Fund to provide scholarships under this Section. The Illinois DREAM Fund shall be funded entirely from private contributions.

(110 ILCS 947/75)

Sec. 75. College savings programs.

(a) Purpose. The General Assembly finds and hereby declares that for the benefit of the people of the State of Illinois, the conduct and increase of their commerce, the protection and

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enhancement of their welfare, the development of continued prosperity and the improvement of their health and living conditions, it is essential that all citizens with the intellectual ability and motivation be able to obtain a higher education. The General Assembly further finds that rising tuition costs, increasingly restrictive eligibility criteria for existing federal and State student aid programs and other trends in higher education finance have impeded access to a higher education for many middle-income families; and that to remedy these concerns, it is of utmost importance that families be provided with investment alternatives to enhance their financial access to institutions of higher education. It is the intent of this Section to establish College Savings Programs appropriate for families from various income groups, to encourage Illinois families to save and invest in anticipation of their children's education, and to encourage enrollment in institutions of higher education, all in execution of the public policy set forth above and elsewhere in this Act. College Savings Programs established under this Section must be available to any individual with a valid social security number or taxpayer identification number for the benefit of any individual with a valid social security number or taxpayer identification number.

(b) The Commission is authorized to develop and provide a program of college savings instruments to qualifying Illinois residents ~~citizens~~. The program shall be structured to

encourage parents to plan ahead for the college education of their children and to permit the long-term accumulation of savings which can be used to finance the family's share of the cost of a higher education. Income, up to $2,000 annually per account, which is derived by individuals from investments made in accordance with College Savings Programs established under this Section shall be free from all taxation by the State and its political subdivisions, except for estate, transfer, and inheritance taxes.

(c) The Commission is authorized to contract with private financial institutions and other businesses, individuals, and other appropriate parties to establish and operate the College Savings Programs. The Commission may negotiate contracts with private financial and investment companies, establish College Savings Programs, and monitor the vendors administering the programs in whichever manner the Commission determines is best suited to accomplish the purposes of this Section. The Auditor General shall periodically review the operation of the College Savings Programs and shall advise the Commission and the General Assembly of his findings.

(d) In determining the type of instruments to be offered, the Commission shall consult with, and receive the assistance of, the Illinois Board of Higher Education, the Governor's Office of Management and Budget, the State Board of Investments, the Governor, and other appropriate State agencies and private parties.

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(e) The Commission shall market and promote the College Savings Programs to the citizens of Illinois.

(f) The Commission shall assist the State Comptroller and State Treasurer in establishing a payroll deduction plan through which State employees may participate in the College Savings Programs. The Department of Labor, Department of Employment Security, Department of Revenue, and other appropriate agencies shall assist the Commission in educating Illinois employers about the College Savings Programs, and shall assist the Commission in securing employers' participation in a payroll deduction plan and other initiatives which maximize participation in the College Savings Programs.

(g) The Commission shall examine means by which the State, through a series of matching contributions or other incentives, may most effectively encourage Illinois families to participate in the College Savings Programs. The Commission shall report its conclusions and recommendations to the Governor and General Assembly no later than February 15, 1990.

(h) The College Savings Programs established pursuant to this Section shall not be subject to the provisions of the Illinois Administrative Procedure Act. The Commission shall provide that appropriate disclosures are provided to all citizens who participate in the College Savings Programs.

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

Section 10. The Illinois Prepaid Tuition Act is amended by

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changing Section 45 as follows:

(110 ILCS 979/45)

Sec. 45. Illinois prepaid tuition contracts.

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

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

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

(d) A prepaid tuition contract shall contain, but is not limited to, provisions for (i) refunds or withdrawals in

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certain circumstances, with or without interest or penalties; (ii) conversion of the contract at the time of distribution from accrued prepayment value at one type of eligible institution to the accrued prepayment value at a different type of eligible institution; (iii) portability of the accrued value of the prepayment value for use at an eligible institution located outside this State; (iv) transferability of the contract benefits within the qualified beneficiary's immediate family; and (v) a specified benefit period during which the contract may be redeemed.

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

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

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

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

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

(5) The name, date of birth, and social security number <u>or taxpayer identification number</u> of the qualified beneficiary on whose behalf the contract is drawn and the terms and conditions under which the contract may be

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transferred to another qualified beneficiary.

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

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

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

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

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

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

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

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

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

(1) If the qualified beneficiary is awarded a grant or scholarship at a public institution of higher education, the terms of which duplicate the benefits included in the Illinois prepaid tuition contract, then moneys paid for the purchase of the contract shall be returned to the purchaser, upon request, in semester installments that coincide with the matriculation by the qualified

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beneficiary, in an amount equal to the current cost of tuition and mandatory fees at the public institution of higher education where the qualified beneficiary is enrolled.

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

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

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

No refund shall be authorized under an Illinois prepaid

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tuition contract for any semester partially attended but not completed.

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

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

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

(h) Nothing in this Act shall be construed as a promise or guarantee that a qualified beneficiary will be admitted to an eligible institution or to a particular eligible institution, will be allowed to continue enrollment at an eligible institution after admission, or will be graduated from an eligible institution.

(i) The Commission shall develop and make prepaid tuition contracts available under a minimum of at least 2 independent

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plans to be known as the Public University Plan and the Community College Plan.

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

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

In the event that a qualified beneficiary for whatever reason chooses to attend an Illinois community college, the qualified beneficiary may convert the average number of credit hours required for the conference of an associate degree from the Public University Plan to the Community College Plan and may retain the remaining Public University Plan credit hours or may request a refund for prepaid credit hours in excess of

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those required for conference of an associate degree. In determining the amount of any refund, the Commission also shall recognize the current relative credit hour cost of the 2 plans when making any conversion.

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

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

In the event that a qualified beneficiary for whatever reason chooses to attend an Illinois public university, the qualified beneficiary's prepaid tuition contract shall be converted for use at that Illinois public university by referencing the current average mean-weighted credit hour

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value of registration fees at Illinois community colleges relative to the corresponding value of registration fees at Illinois public universities.

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

(l) A qualified beneficiary may apply the benefits of any Illinois prepaid tuition contract toward a nonpublic institution of higher education. In the event that a qualified beneficiary for whatever reason chooses to attend a nonpublic institution of higher education, the qualified beneficiary's prepaid tuition contract shall be converted for use at that nonpublic institution of higher education by referencing the current average mean-weighted credit hour value of registration fees purchased under the contract. The Commission shall transfer, or cause to have transferred, this amount, less a transfer fee, to the nonpublic institution on behalf of the beneficiary. In the event that the cost of registration charged to the beneficiary at the nonpublic institution of higher education is less than the aggregate value of the Illinois prepaid tuition contract, any remaining amount shall be transferred in subsequent semesters until the transfer value is

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fully depleted.

(m) A qualified beneficiary may apply the benefits of any Illinois prepaid tuition contract toward an eligible out-of-state college or university. Institutional eligibility for out-of-state colleges and universities shall be determined by the Commission according to standards substantially equivalent to those for an eligible institution located in this State, as described in the definition of "institution of higher learning" in Section 10 of the Higher Education Student Assistance Act. In the event that a qualified beneficiary for whatever reason chooses to attend an eligible out-of-state college or university, the qualified beneficiary's prepaid tuition contract shall be converted for use at that college or university by referencing the current average mean-weighted credit hour value of registration fees purchased under the contract. The Commission shall transfer, or cause to have transferred, this amount, less a transfer fee, to the college or university on behalf of the beneficiary. In the event that the cost of registration charged to the beneficiary at the eligible out-of-state college or university is less than the aggregate value of the Illinois prepaid tuition contract, any remaining amount shall be transferred in subsequent semesters until the transfer value is fully depleted.

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

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

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

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

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