AN ACT concerning finance.

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 Student Investment Account Act.

Section 5. Findings and purpose. The General Assembly finds that it is vital for the State to combat the college-debt crisis and increase access to post-secondary education for all residents of this State. The purpose of this Act is to assist qualified residents to attend and pay for post-secondary education through a system of investment programs, which may include income-sharing agreements, linked deposits, and student loans.

Section 10. Definitions. As used in this Act:
"Borrower" means an Illinois resident student who has received an education loan or an Illinois resident parent who has received or agreed to pay an education loan, subject to approval by the State Treasurer.
"Education loan" means a loan made to a borrower in accordance with this Act to finance an Illinois resident student's attendance at an institution of higher education.
"Income share agreement" means an agreement between a
participant and an eligible institution of higher education or
an income share agreement provider approved by the State
Treasurer in which the participant agrees to pay a percentage
of the participant's future earnings for a fixed period in
exchange for funds to pay for their post-secondary education.

"Income share agreement provider" means an organization
that allows income share agreement participants to fund their
education by means of an income share agreement.

"Institution of higher education" means a post-secondary
educational institution located in Illinois and approved by the
State Treasurer.

"Participant" means a resident student who enters into an
income share agreement for the purpose of funding the
participant's attendance at an institution of higher
education.

"Student Investment Account" means that portion of the
Treasurer's State Investment Portfolio described in Section
15.

Section 15. Establishment of Student Investment Account.
The State Treasurer may allocate up to 5% of the Treasurer's
State Investment Portfolio to the Student Investment Account.
The 5% cap shall be calculated based on: (1) the balance of the
Treasurer's State Investment Portfolio at the inception of the
State's fiscal year; or (2) the average balance of the
Treasurer's State Investment Portfolio in the immediately
preceding 5 fiscal years, whichever number is greater.

Section 20. Earnings from Student Investment Account.
Earnings on the investments in the Student Investment Account may be reinvested into the Student Investment Account without being counted against the 5% cap under Section 15. Net earnings on investments under this Act that are not reinvested shall be deposited in the same manner as interest is deposited under Section 4.1 of the State Finance Act. The General Assembly shall prioritize any such funds deposited into the General Revenue Fund towards appropriations to support higher education in the State of Illinois.

Section 25. Operation of the Student Investment Account.
The State Treasurer may: originate, guarantee, acquire, and service education loans; facilitate such arrangements between borrowers and eligible lenders; and perform such other acts as may be necessary or desirable in connection with the education loans. The State Treasurer may receive, hold, and invest moneys paid into the Student Investment Account and take such other actions as are necessary to operate the Student Investment Account. The State Treasurer may invest in, and enter into contracts with, institutions that provide education loans. The State Treasurer may also: enter into income share agreements with participants; facilitate such arrangements between participants and eligible income share agreement providers;
and perform such other acts as may be necessary or desirable in connection with such income share agreements. The State Treasurer may also deposit funds with financial institutions that provide education loans.

Section 30. Administration of the Student Investment Account. The State Treasurer may enter into such contracts and guarantee agreements as are necessary to operate the Student Investment Account with eligible lenders, financial institutions, institutions of higher education, income share agreement providers, individuals, corporations, and qualified income share agreement or loan origination and servicing organizations and with any governmental entity, including the Illinois Student Assistance Commission, and with any agency or instrumentality of the United States. The State Treasurer is authorized to establish specific criteria governing the eligibility of entities to participate in its programs, the making of income share agreements or education loans, provisions for default, the establishment of default reserve funds, the purchase of default insurance, the provision of prudent debt service reserves, and the furnishing by participating entities of such additional guarantees of the income share agreements or education loans as the State Treasurer shall determine.

Section 35. Fees. The State Treasurer shall establish fees
to cover the costs of administration, recordkeeping, marketing, and investment management related to the Student Investment Account. The State Treasurer may pay eligible lenders, income share agreement providers, financial institutions, institutions of higher education, individuals, corporations, qualified income share agreement or loan origination and servicing organizations, governmental entities, and any agencies or instrumentalities of the United States an administrative fee in connection with services provided pursuant to the Student Investment Account in such amounts, at such times, and in such manner as may be prescribed by the State Treasurer.

Section 40. Insurance. The State Treasurer or his or her designee may charge and collect premiums for insurance on income share agreements or education loans and other related charges and pay such insurance premiums or a portion thereof and other charges as are prudent.

Section 45. Wage deductions. The State Treasurer may deduct from the salary, wages, commissions, and bonuses of any employee in this State and, to the extent permitted by the laws of the United States and individual states in which an employee might reside, any employee outside the State of Illinois by serving a notice of administrative wage garnishment on an employer, in accordance with rules adopted by the State
Treasurer, for the recovery of an education loan debt or income share agreement owned or serviced by the State Treasurer. Levy must not be made until the State Treasurer has caused a demand to be made on the employee, in a manner consistent with rules adopted by the State Treasurer, such that the employee is provided an opportunity to contest the existence or amount of the income share agreement or education loan obligation.

Section 50. Investment policy. The State Treasurer shall develop, publish, and implement one or more investment policies covering the investment of moneys in accordance with this Act.

Section 55. Student Investment Account Administrative Fund. The Student Investment Account Administrative Fund is created as a non-appropriated separate and apart trust fund in the State Treasury. Moneys in the Student Investment Account Administrative Fund may be used by the State Treasurer to pay expenses related to all aspects of operation and administration of the Student Investment Account. The State Treasurer may deposit a portion of the earnings of the investments in the Student Investment Account and a portion of any administrative fees, and the proceeds thereof, collected pursuant to Section 35 into the Student Investment Account Administrative Fund.

Section 60. Student Investment Account Loss Reserve Fund. The Student Investment Account Loss Reserve Fund may be created
as a non-appropriated separate and apart trust fund in the State Treasury. Moneys in the Student Investment Account Loss Reserve Fund may be used by the State Treasurer to establish loss reserve funds. The State Treasurer may deposit a portion of the earnings of the investments in the Student Investment Account and a portion of any administrative fees, and the proceeds thereof, collected pursuant to Section 35 into the Student Investment Account Loss Reserve Fund.

Section 65. Student Investment Account Assistance Fund. The Student Investment Account Assistance Fund may be created as a non-appropriated separate and apart trust fund in the State Treasury. Moneys in the Student Investment Account Assistance Fund may be used by the State Treasurer to provide assistance to qualifying borrowers or income share agreement participants. The State Treasurer may deposit a portion of the earnings of the investments in the Student Investment Account and a portion of any administrative fees, and the proceeds thereof, collected pursuant to Section 35 into the Student Investment Account Assistance Fund.

Section 70. Rules. The State Treasurer may adopt rules he or she deems necessary or desirable to implement and administer this Act.

Section 900. The Deposit of State Moneys Act is amended by
changing Section 22.5 as follows:

(15 ILCS 520/22.5) (from Ch. 130, par. 41a)

(For force and effect of certain provisions, see Section 90 of P.A. 94-79)

Sec. 22.5. Permitted investments. The State Treasurer may, with the approval of the Governor, invest and reinvest any State money in the treasury which is not needed for current expenditures due or about to become due, in obligations of the United States government or its agencies or of National Mortgage Associations established by or under the National Housing Act, 12 U.S.C. 1701 et seq., or in mortgage participation certificates representing undivided interests in specified, first-lien conventional residential Illinois mortgages that are underwritten, insured, guaranteed, or purchased by the Federal Home Loan Mortgage Corporation or in Affordable Housing Program Trust Fund Bonds or Notes as defined in and issued pursuant to the Illinois Housing Development Act. All such obligations shall be considered as cash and may be delivered over as cash by a State Treasurer to his successor.

The State Treasurer may, with the approval of the Governor, purchase any state bonds with any money in the State Treasury that has been set aside and held for the payment of the principal of and interest on the bonds. The bonds shall be considered as cash and may be delivered over as cash by the State Treasurer to his successor.
The State Treasurer may, with the approval of the Governor, invest or reinvest any State money in the treasury that is not needed for current expenditure due or about to become due, or any money in the State Treasury that has been set aside and held for the payment of the principal of and the interest on any State bonds, in shares, withdrawable accounts, and investment certificates of savings and building and loan associations, incorporated under the laws of this State or any other state or under the laws of the United States; provided, however, that investments may be made only in those savings and loan or building and loan associations the shares and withdrawable accounts or other forms of investment securities of which are insured by the Federal Deposit Insurance Corporation.

The State Treasurer may not invest State money in any savings and loan or building and loan association unless a commitment by the savings and loan (or building and loan) association, executed by the president or chief executive officer of that association, is submitted in the following form:

The .................. Savings and Loan (or Building and Loan) Association pledges not to reject arbitrarily mortgage loans for residential properties within any specific part of the community served by the savings and loan (or building and loan) association because of the location of the property. The savings and loan (or building
and loan) association also pledges to make loans available on low and moderate income residential property throughout the community within the limits of its legal restrictions and prudent financial practices.

The State Treasurer may, with the approval of the Governor, invest or reinvest, at a price not to exceed par, any State money in the treasury that is not needed for current expenditures due or about to become due, or any money in the State Treasury that has been set aside and held for the payment of the principal of and interest on any State bonds, in bonds issued by counties or municipal corporations of the State of Illinois.

The State Treasurer may, with the approval of the Governor, invest or reinvest any State money in the Treasury which is not needed for current expenditure, due or about to become due, or any money in the State Treasury which has been set aside and held for the payment of the principal of and the interest on any State bonds, in participations in loans, the principal of which participation is fully guaranteed by an agency or instrumentality of the United States government; provided, however, that such loan participations are represented by certificates issued only by banks which are incorporated under the laws of this State or any other state or under the laws of the United States, and such banks, but not the loan participation certificates, are insured by the Federal Deposit Insurance Corporation.
Whenever the total amount of vouchers presented to the Comptroller under Section 9 of the State Comptroller Act exceeds the funds available in the General Revenue Fund by $1,000,000,000 or more, then the State Treasurer may invest any State money in the Treasury, other than money in the General Revenue Fund, Health Insurance Reserve Fund, Attorney General Court Ordered and Voluntary Compliance Payment Projects Fund, Attorney General Whistleblower Reward and Protection Fund, and Attorney General's State Projects and Court Ordered Distribution Fund, which is not needed for current expenditures, due or about to become due, or any money in the State Treasury which has been set aside and held for the payment of the principal of and the interest on any State bonds with the Office of the Comptroller in order to enable the Comptroller to pay outstanding vouchers. At any time, and from time to time outstanding, such investment shall not be greater than $2,000,000,000. Such investment shall be deposited into the General Revenue Fund or Health Insurance Reserve Fund as determined by the Comptroller. Such investment shall be repaid by the Comptroller with an interest rate tied to the London Interbank Offered Rate (LIBOR) or the Federal Funds Rate or an equivalent market established variable rate, but in no case shall such interest rate exceed the lesser of the penalty rate established under the State Prompt Payment Act or the timely pay interest rate under Section 368a of the Illinois Insurance Code. The State Treasurer and the Comptroller shall enter into
an intergovernmental agreement to establish procedures for such investments, which market established variable rate to which the interest rate for the investments should be tied, and other terms which the State Treasurer and Comptroller reasonably believe to be mutually beneficial concerning these investments by the State Treasurer. The State Treasurer and Comptroller shall also enter into a written agreement for each such investment that specifies the period of the investment, the payment interval, the interest rate to be paid, the funds in the Treasury from which the Treasurer will draw the investment, and other terms upon which the State Treasurer and Comptroller mutually agree. Such investment agreements shall be public records and the State Treasurer shall post the terms of all such investment agreements on the State Treasurer's official website. In compliance with the intergovernmental agreement, the Comptroller shall order and the State Treasurer shall transfer amounts sufficient for the payment of principal and interest invested by the State Treasurer with the Office of the Comptroller under this paragraph from the General Revenue Fund or the Health Insurance Reserve Fund to the respective funds in the Treasury from which the State Treasurer drew the investment. Public Act 100-1107 This amendatory Act of the 100th General Assembly shall constitute an irrevocable and continuing authority for all amounts necessary for the payment of principal and interest on the investments made with the Office of the Comptroller by the State Treasurer under this
paragraph, and the irrevocable and continuing authority for and
direction to the Comptroller and Treasurer to make the
necessary transfers.

The State Treasurer may, with the approval of the Governor,
invest or reinvest any State money in the Treasury that is not
needed for current expenditure, due or about to become due, or
any money in the State Treasury that has been set aside and
held for the payment of the principal of and the interest on
any State bonds, in any of the following:

(1) Bonds, notes, certificates of indebtedness,
Treasury bills, or other securities now or hereafter issued
that are guaranteed by the full faith and credit of the
United States of America as to principal and interest.

(2) Bonds, notes, debentures, or other similar
obligations of the United States of America, its agencies,
and instrumentalities.

(2.5) Bonds, notes, debentures, or other similar
obligations of a foreign government, other than the
Republic of the Sudan, that are guaranteed by the full
faith and credit of that government as to principal and
interest, but only if the foreign government has not
defaulted and has met its payment obligations in a timely
manner on all similar obligations for a period of at least
25 years immediately before the time of acquiring those
obligations.

(3) Interest-bearing savings accounts,
interest-bearing certificates of deposit, interest-bearing
time deposits, or any other investments constituting
direct obligations of any bank as defined by the Illinois
Banking Act.

(4) Interest-bearing accounts, certificates of
deposit, or any other investments constituting direct
obligations of any savings and loan associations
incorporated under the laws of this State or any other
state or under the laws of the United States.

(5) Dividend-bearing share accounts, share certificate
accounts, or class of share accounts of a credit union
chartered under the laws of this State or the laws of the
United States; provided, however, the principal office of
the credit union must be located within the State of
Illinois.

(6) Bankers' acceptances of banks whose senior
obligations are rated in the top 2 rating categories by 2
national rating agencies and maintain that rating during
the term of the investment.

(7) Short-term obligations of either corporations or
limited liability companies organized in the United States
with assets exceeding $500,000,000 if (i) the obligations
are rated at the time of purchase at one of the 3 highest
classifications established by at least 2 standard rating
services and mature not later than 270 days from the date
of purchase, (ii) the purchases do not exceed 10% of the
corporation's or the limited liability company's outstanding obligations, (iii) no more than one-third of the public agency's funds are invested in short-term obligations of either corporations or limited liability companies, and (iv) the corporation or the limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code.

(7.5) Obligations of either corporations or limited liability companies organized in the United States, that have a significant presence in this State, with assets exceeding $500,000,000 if: (i) the obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and mature more than 270 days, but less than 5 years, from the date of purchase; (ii) the purchases do not exceed 10% of the corporation's or the limited liability company's outstanding obligations; (iii) no more than 5% of the public agency's funds are invested in such obligations of corporations or limited liability companies; and (iv) the corporation or the limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. The authorization of the Treasurer to invest in new obligations under this paragraph shall expire on June 30, 2019.
(8) Money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of the money market mutual fund is limited to obligations described in this Section and to agreements to repurchase such obligations.

(9) The Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act or in a fund managed, operated, and administered by a bank.

(10) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, as now or hereafter amended or succeeded, subject to the provisions of that Act and the regulations issued thereunder.

(11) Investments made in accordance with the Technology Development Act.

(12) Investments made in accordance with the Student Investment Account Act.

For purposes of this Section, "agencies" of the United States Government includes:

(i) the federal land banks, federal intermediate credit banks, banks for cooperatives, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto;

(ii) the federal home loan banks and the federal home loan mortgage corporation;
(iii) the Commodity Credit Corporation; and

(iv) any other agency created by Act of Congress.

The Treasurer may, with the approval of the Governor, lend any securities acquired under this Act. However, securities may be lent under this Section only in accordance with Federal Financial Institution Examination Council guidelines and only if the securities are collateralized at a level sufficient to assure the safety of the securities, taking into account market value fluctuation. The securities may be collateralized by cash or collateral acceptable under Sections 11 and 11.1.

(Source: P.A. 99-856, eff. 8-19-16; 100-1107, eff. 8-27-18; revised 9-27-18.)

Section 905. The Student Loan Servicing Rights Act is amended by changing Section 1-5 as follows:

(110 ILCS 992/1-5)

Sec. 1-5. Definitions. As used in this Act:

"Applicant" means a person applying for a license pursuant to this Act.

"Borrower" or "student loan borrower" means a person who has received or agreed to pay a student loan for his or her own educational expenses.

"Cosigner" means a person who has agreed to share responsibility for repaying a student loan with a borrower.

"Department" means the Department of Financial and
"Division of Banking" means the Division of Banking of the Department of Financial and Professional Regulation.

"Federal loan borrower eligible for referral to a repayment specialist" means a borrower who possesses any of the following characteristics:

1. requests information related to options to reduce or suspend his or her monthly payment;
2. indicates that he or she is experiencing or anticipates experiencing financial hardship, distress, or difficulty making his or her payments;
3. has missed 2 consecutive monthly payments;
4. is at least 75 days delinquent;
5. is enrolled in a discretionary forbearance for more than 9 of the previous 12 months;
6. has rehabilitated or consolidated one or more loans out of default within the past 12 months; or
7. has not completed a course of study, as reflected in the servicer's records, or the borrower identifies himself or herself as not having completed a program of study.

"Federal education loan" means any loan made, guaranteed, or insured under Title IV of the federal Higher Education Act of 1965.

"Income-driven payment plan certification" means the documentation related to a federal student loan borrower's
income or financial status the borrower must submit to renew an
income-driven repayment plan.

"Income-driven repayment options" includes the
Income-Contingent Repayment Plan, the Income-Based Repayment
Plan, the Income-Sensitive Repayment Plan, the Pay As You Earn
Plan, the Revised Pay As You Earn Plan, and any other federal
student loan repayment plan that is calculated based on a
borrower's income.

"Licensee" means a person licensed pursuant to this Act.

"Other repayment plans" means the Standard Repayment Plan,
the Graduated Repayment Plan, the Extended Repayment Plan, or
any other federal student loan repayment plan not based on a
borrower's income.

"Private loan borrower eligible for referral to a repayment
specialist" means a borrower who possesses any of the following
characteristics:

(1) requests information related to options to reduce
or suspend his or her monthly payments; or

(2) indicates that he or she is experiencing or
anticipates experiencing financial hardship, distress, or
difficulty making his or her payments.

"Requester" means any borrower or cosigner that submits a
request for assistance.

"Request for assistance" means all inquiries, complaints,
account disputes, and requests for documentation a servicer
receives from borrowers or cosigners.
"Secretary" means the Secretary of Financial and Professional Regulation, or his or her designee, including the Director of the Division of Banking of the Department of Financial and Professional Regulation.

"Servicing" means: (1) receiving any scheduled periodic payments from a student loan borrower or cosigner pursuant to the terms of a student loan; (2) applying the payments of principal and interest and such other payments with respect to the amounts received from a student loan borrower or cosigner, as may be required pursuant to the terms of a student loan; and (3) performing other administrative services with respect to a student loan.

"Student loan" or "loan" means any federal education loan or other loan primarily for use to finance a postsecondary education and costs of attendance at a postsecondary institution, including, but not limited to, tuition, fees, books and supplies, room and board, transportation, and miscellaneous personal expenses. "Student loan" includes a loan made to refinance a student loan.

"Student loan" shall not include an extension of credit under an open-end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling.

"Student loan" shall not include an extension of credit made by a postsecondary educational institution to a borrower if one of the following apply:
(1) The term of the extension of credit is no longer than the borrower's education program.

(2) The remaining, unpaid principal balance of the extension of credit is less than $1,500 at the time of the borrower's graduation or completion of the program.

(3) The borrower fails to graduate or successfully complete his or her education program and has a balance due at the time of his or her disenrollment from the postsecondary institution.

"Student loan servicer" or "servicer" means any person engaged in the business of servicing student loans. "Student loan servicer" or "servicer" includes persons or entities acting on behalf of the State Treasurer.

"Student loan servicer" shall not include:

(1) a bank, savings bank, savings association, or credit union organized under the laws of the State or any other state or under the laws of the United States;

(2) a wholly owned subsidiary of any bank, savings bank, savings association, or credit union organized under the laws of the State or any other state or under the laws of the United States;

(3) an operating subsidiary where each owner of the operating subsidiary is wholly owned by the same bank, savings bank, savings association, or credit union organized under the laws of the State or any other state or under the laws of the United States;
(4) the Illinois Student Assistance Commission and its agents when the agents are acting on the Illinois Student Assistance Commission's behalf;

(5) a public postsecondary educational institution or a private nonprofit postsecondary educational institution servicing a student loan it extended to the borrower;

(6) a licensed debt management service under the Debt Management Service Act, except to the extent that the organization acts as a subcontractor, affiliate, or service provider for an entity that is otherwise subject to licensure under this Act;

(7) any collection agency licensed under the Collection Agency Act that is collecting post-default debt;

(8) in connection with its responsibilities as a guaranty agency engaged in default aversion, a State or nonprofit private institution or organization having an agreement with the U.S. Secretary of Education under Section 428(b) of the Higher Education Act (20 U.S.C. 1078(B));

(9) a State institution or a nonprofit private organization designated by a governmental entity to make or service student loans, provided in each case that the institution or organization services fewer than 20,000 student loan accounts of borrowers who reside in Illinois;
(10) a law firm or licensed attorney that is collecting post-default debt; or—

(11) the State Treasurer.

(Source: P.A. 100-540, eff. 12-31-18; 100-635, eff. 12-31-18.)

Section 999. Effective date. This Act takes effect upon becoming law.