

AN ACT concerning State government.

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

Section 5. The State Treasurer Act is amended by changing Section 16.8 as follows:

(15 ILCS 505/16.8)

Sec. 16.8. Illinois Higher Education Savings Program.

(a) Definitions. As used in this Section:

"Beneficiary" means an eligible child named as a recipient of seed funds.

"Eligible child" means a child born or adopted after December 31, 2022, to a parent who is a resident of Illinois at the time of the birth or adoption, as evidenced by documentation received by the Treasurer from the Department of Revenue, the Department of Public Health, or another State or local government agency.

"Eligible educational institution" means institutions that are described in Section 1001 of the federal Higher Education Act of 1965 that are eligible to participate in Department of Education student aid programs.

"Fund" means the Illinois Higher Education Savings Program Fund.

"Omnibus account" means the pooled collection of seed

funds owned and managed by the State Treasurer in the College Savings Pool under this Act.

"Program" means the Illinois Higher Education Savings Program.

"Qualified higher education expense" means the following: (i) tuition, fees, and the costs of books, supplies, and equipment required for enrollment or attendance at an eligible educational institution; (ii) expenses for special needs services, in the case of a special needs beneficiary, which are incurred in connection with such enrollment or attendance; (iii) certain expenses for the purchase of computer or peripheral equipment, computer software, or Internet access and related services as defined under Section 529 of the Internal Revenue Code; (iv) room and board expenses incurred while attending an eligible educational institution at least half-time; (v) expenses for fees, books, supplies, and equipment required for the participation of a designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under the National Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as principal or interest on any qualified education loan of the designated beneficiary or a sibling of the designated beneficiary, as allowed under Section 529 of the Internal Revenue Code.

"Seed funds" means the deposit made by the State Treasurer into the Omnibus Accounts for Program beneficiaries.

(b) Program established. The State Treasurer shall establish the Illinois Higher Education Savings Program as a part of the College Savings Pool under Section 16.5 of this Act, subject to appropriation by the General Assembly. The State Treasurer shall administer the Program for the purposes of expanding access to higher education through savings.

(c) Program enrollment. The State Treasurer shall enroll all eligible children in the Program beginning in 2023, after receiving records of recent births, adoptions, or dependents from the Department of Revenue, the Department of Public Health, or another State or local government agency designated by the Treasurer. Notwithstanding any court order which would otherwise prevent the release of information, the Department of Public Health is authorized to release the information specified under this subsection (c) to the State Treasurer for the purposes of the Program established under this Section.

(1) Beginning in 2021, the Department of Public Health shall provide the State Treasurer with information on recent Illinois births and adoptions including, but not limited to: the full name, residential address, birth date, and birth record number of the child and the full name and residential address of the child's parent or legal guardian for the purpose of enrolling eligible children in the Program. This data shall be provided to the State Treasurer by the Department of Public Health on a quarterly basis, no later than 30 days after the end of

each quarter, or some other date and frequency as mutually agreed to by the State Treasurer and the Department of Public Health.

(1.5) Beginning in 2021, the Department of Revenue shall provide the State Treasurer with information on tax filers claiming dependents or the adoption tax credit including, but not limited to: the full name, residential address, email address, phone number, birth date, and social security number or taxpayer identification number of the dependent child and of the child's parent or legal guardian for the purpose of enrolling eligible children in the Program. Beginning July 1, 2024, the Department of Revenue shall provide the State Treasurer with the adjusted gross income of tax filers claiming dependents or the adoption tax credit. This data shall be provided to the State Treasurer by the Department of Revenue on at least an annual basis, by July 1 of each year or another date jointly determined by the State Treasurer and the Department of Revenue. Notwithstanding anything to the contrary contained within this paragraph (2), the Department of Revenue shall not be required to share any information that would be contrary to federal law, regulation, or Internal Revenue Service Publication 1075.

(2) The State Treasurer shall ensure the security and confidentiality of the information provided by the Department of Revenue, the Department of Public Health, or

another State or local government agency, and it shall not be subject to release under the Freedom of Information Act.

(3) Information provided under this Section shall only be used by the State Treasurer for the Program and shall not be used for any other purpose.

(4) The State Treasurer and any vendors working on the Program shall maintain strict confidentiality of any information provided under this Section, and shall promptly provide written or electronic notice to the providing agency of any security breach. The providing State or local government agency shall remain the sole and exclusive owner of information provided under this Section.

(d) Seed funds. After receiving information on recent births, adoptions, or dependents from the Department of Revenue, the Department of Public Health, or another State or local government agency, the State Treasurer shall make deposits into an omnibus account on behalf of eligible children. The State Treasurer shall be the owner of the omnibus accounts.

(1) Deposit amount. The seed fund deposit for each eligible child shall be in the amount of \$50. This amount may be increased by the State Treasurer by rule. The State Treasurer may use or deposit funds appropriated by the General Assembly together with moneys received as gifts,

grants, or contributions into the Fund. If insufficient funds are available in the Fund, the State Treasurer may reduce the deposit amount or forego deposits.

(2) Use of seed funds. Seed funds, including any interest, dividends, and other earnings accrued, will be eligible for use by a beneficiary for qualified higher education expenses if:

(A) the parent or guardian of the eligible child claimed the seed funds for the beneficiary by the beneficiary's 10th birthday;

(B) the beneficiary has completed secondary education or has reached the age of 18; and

(C) the beneficiary is currently a resident of the State of Illinois. Non-residents are not eligible to claim or use seed funds.

(3) Notice of seed fund availability. The State Treasurer shall make a good faith effort to notify beneficiaries and their parents or legal guardians of the seed funds' availability and the deadline to claim such funds.

(4) Unclaimed seed funds. Seed funds and any interest earnings that are unclaimed by the beneficiary's 10th birthday or unused by the beneficiary's 26th birthday will be considered forfeited. Unclaimed and unused seed funds and any interest earnings will remain in the omnibus account for future beneficiaries.

(e) Financial education. The State Treasurer may develop educational materials that support the financial literacy of beneficiaries and their legal guardians, and may do so in collaboration with State and federal agencies, including, but not limited to, the Illinois State Board of Education and existing nonprofit agencies with expertise in financial literacy and education.

(f) Supplementary deposits and partnerships. The State Treasurer may make supplementary deposits ~~to children in financially insecure households~~ if sufficient funds are available and if funds are deposited into the omnibus accounts as described in subsection (d). Subject to appropriation, the State Treasurer may make supplementary deposits of \$50, or greater if designated by the State Treasurer by rule, into the account of each beneficiary whose parent or legal guardian has an adjusted gross income below the Illinois median household income as determined by the most recent U.S. Census Bureau American Community Survey 5-Year Data for the previous calendar year. The supplementary deposits shall be limited to one deposit per beneficiary. Furthermore, the State Treasurer may develop partnerships with private, nonprofit, or governmental organizations to provide additional savings incentives, including conditional cash transfers or matching contributions that provide a savings incentive based on specific actions taken or other criteria.

(g) Illinois Higher Education Savings Program Fund. The

Illinois Higher Education Savings Program Fund is hereby established as a special fund in the State treasury. The Fund shall be the official repository of all contributions, appropriated funds, interest, and dividend payments, gifts, or other financial assets received by the State Treasurer in connection with the operation of the Program or related partnerships. All such moneys shall be deposited into the Fund and held by the State Treasurer as custodian thereof. The State Treasurer may accept gifts, grants, awards, matching contributions, interest income, and appropriated funds from individuals, businesses, governments, and other third-party sources to implement the Program on terms that the Treasurer deems advisable. All interest or other earnings accruing or received on amounts in the Illinois Higher Education Savings Program Fund shall be credited to and retained by the Fund and used for the benefit of the Program. Assets of the Fund must at all times be preserved, invested, and expended only for the purposes of the Program and must be held for the benefit of the beneficiaries. Assets may not be transferred or used by the State or the State Treasurer for any purposes other than the purposes of the Program. In addition, no moneys, interest, or other earnings paid into the Fund shall be used, temporarily or otherwise, for inter-fund borrowing or be otherwise used or appropriated except as expressly authorized by this Act. Notwithstanding the requirements of this subsection (g), amounts in the Fund may be used by the State Treasurer to pay

the administrative costs of the Program.

(g-5) Fund deposits and payments. On July 15 of each year, beginning July 15, 2023, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer the sum of \$2,500,000, or the amount that is appropriated annually by the General Assembly, whichever is greater, from the General Revenue Fund to the Illinois Higher Education Savings Program Fund to be used for the administration and operation of the Program.

(h) Audits and reports. The State Treasurer shall include the Illinois Higher Education Savings Program as part of the audit of the College Savings Pool described in Section 16.5. The State Treasurer shall annually prepare a report that includes a summary of the Program operations for the preceding fiscal year, including the number of children enrolled in the Program, the total amount of seed fund deposits, the rate of seed deposits claimed, and, to the extent data is reported and available, the racial, ethnic, socioeconomic, and geographic data of beneficiaries and of children ~~in financially insecure households~~ who may receive automatic bonus deposits. Such other information that is relevant to make a full disclosure of the operations of the Program and Fund may also be reported. The report shall be made available on the Treasurer's website by January 31 each year, starting in January of 2024. The State Treasurer may include the Program in other reports as warranted.

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(i) Rules. The State Treasurer may adopt rules necessary to implement this Section.

(Source: P.A. 102-129, eff. 7-23-21; 102-558, eff. 8-20-21; 102-1047, eff. 1-1-23; 103-8, eff. 6-7-23.)

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