



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB4720

Introduced 2/6/2024, by Rep. Maura Hirschauer

#### SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.8

Amends the State Treasurer Act. Provides that, beginning in 2026, the Department of Healthcare and Family Services shall provide the State Treasurer with information on Medicaid recipients with one or more dependent children born after December 31, 2025 for the purpose of identifying the amount of seed funds to be deposited for each beneficiary. In provisions concerning supplementary deposits, provides that the State Treasurer may make supplementary deposits to each eligible child who is enrolled in Medicaid or whose parent or legal guardian is enrolled in Medicaid in the amount of \$50 or a greater amount if designated by the State Treasurer by rule. Makes conforming changes.

LRB103 37881 SPS 68012 b

1 AN ACT concerning State government.

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

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

6 (15 ILCS 505/16.8)

7 Sec. 16.8. Illinois Higher Education Savings Program.

8 (a) Definitions. As used in this Section:

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

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

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

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

23 "Omnibus account" means the pooled collection of seed

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

3 "Program" means the Illinois Higher Education Savings  
4 Program.

5 "Qualified higher education expense" means the following:

6 (i) tuition, fees, and the costs of books, supplies, and  
7 equipment required for enrollment or attendance at an eligible  
8 educational institution; (ii) expenses for special needs  
9 services, in the case of a special needs beneficiary, which  
10 are incurred in connection with such enrollment or attendance;  
11 (iii) certain expenses for the purchase of computer or  
12 peripheral equipment, computer software, or Internet access  
13 and related services as defined under Section 529 of the  
14 Internal Revenue Code; (iv) room and board expenses incurred  
15 while attending an eligible educational institution at least  
16 half-time; (v) expenses for fees, books, supplies, and  
17 equipment required for the participation of a designated  
18 beneficiary in an apprenticeship program registered and  
19 certified with the Secretary of Labor under the National  
20 Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as  
21 principal or interest on any qualified education loan of the  
22 designated beneficiary or a sibling of the designated  
23 beneficiary, as allowed under Section 529 of the Internal  
24 Revenue Code.

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

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

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

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

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

4 (1.5) Beginning in 2021, the Department of Revenue  
5 shall provide the State Treasurer with information on tax  
6 filers claiming dependents or the adoption tax credit  
7 including, but not limited to: the full name, residential  
8 address, email address, phone number, birth date, and  
9 social security number or taxpayer identification number  
10 of the dependent child and of the child's parent or legal  
11 guardian for the purpose of enrolling eligible children in  
12 the Program. This data shall be provided to the State  
13 Treasurer by the Department of Revenue on at least an  
14 annual basis, by July 1 of each year or another date  
15 jointly determined by the State Treasurer and the  
16 Department of Revenue. Notwithstanding anything to the  
17 contrary contained within this paragraph (2), the  
18 Department of Revenue shall not be required to share any  
19 information that would be contrary to federal law,  
20 regulation, or Internal Revenue Service Publication 1075.

21 (1.7) Beginning in 2026, the Department of Healthcare  
22 and Family Services shall provide the State Treasurer with  
23 information on Medicaid recipients with one or more  
24 dependent children born after December 31, 2025,  
25 including, but not limited to: the full name, birth date,  
26 social security number, and the Medicaid enrollment status

1       of the adult and his or her dependent children born after  
2       December 31, 2025 for the purpose of identifying the  
3       amount of seed funds to be deposited for each beneficiary.  
4       This data shall be provided to the State Treasurer by the  
5       Department of Healthcare and Family Services on a  
6       quarterly basis, no later than 30 days after the end of  
7       each quarter, or some other date and frequency as mutually  
8       agreed to by the State Treasurer and the Department of  
9       Healthcare and Family Services.

10       (2) The State Treasurer shall ensure the security and  
11       confidentiality of the information provided by the  
12       Department of Revenue, the Department of Public Health,  
13       the Department of Healthcare and Family Services, or  
14       another State or local government agency, and it shall not  
15       be subject to release under the Freedom of Information  
16       Act.

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

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

1 Section.

2 (d) Seed funds. After receiving information on recent  
3 births, adoptions, or dependents from the Department of  
4 Revenue, the Department of Public Health, the Department of  
5 Healthcare and Family Services, or another State or local  
6 government agency, the State Treasurer shall make deposits  
7 into an omnibus account on behalf of eligible children. The  
8 State Treasurer shall be the owner of the omnibus accounts.

9 (1) Deposit amount. The seed fund deposit for each  
10 eligible child shall be in the amount of \$50. This amount  
11 may be increased by the State Treasurer by rule. The State  
12 Treasurer may use or deposit funds appropriated by the  
13 General Assembly together with moneys received as gifts,  
14 grants, or contributions into the Fund. If insufficient  
15 funds are available in the Fund, the State Treasurer may  
16 reduce the deposit amount or forego deposits.

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

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

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

26 (C) the beneficiary is currently a resident of the

1 State of Illinois. Non-residents are not eligible to  
2 claim or use seed funds.

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

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

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

21 (f) Supplementary deposits and partnerships. The State  
22 Treasurer may make supplementary deposits to children in  
23 financially insecure households if sufficient funds are  
24 available and if funds are deposited into the omnibus accounts  
25 as described in subsection (d). Subject to appropriation, the  
26 State Treasurer may make supplementary deposits to each



1 eligible child who is enrolled in Medicaid or whose parent or  
2 legal guardian is enrolled in Medicaid in the amount of \$50 or  
3 a greater amount if designated by the State Treasurer by rule.

4 Furthermore, the State Treasurer may develop partnerships with  
5 private, nonprofit, or governmental organizations to provide  
6 additional savings incentives, including conditional cash  
7 transfers or matching contributions that provide a savings  
8 incentive based on specific actions taken or other criteria.

9 (g) Illinois Higher Education Savings Program Fund. The  
10 Illinois Higher Education Savings Program Fund is hereby  
11 established as a special fund in the State treasury. The Fund  
12 shall be the official repository of all contributions,  
13 appropriated funds, interest, and dividend payments, gifts, or  
14 other financial assets received by the State Treasurer in  
15 connection with the operation of the Program or related  
16 partnerships. All such moneys shall be deposited into the Fund  
17 and held by the State Treasurer as custodian thereof. The  
18 State Treasurer may accept gifts, grants, awards, matching  
19 contributions, interest income, and appropriated funds from  
20 individuals, businesses, governments, and other third-party  
21 sources to implement the Program on terms that the Treasurer  
22 deems advisable. All interest or other earnings accruing or  
23 received on amounts in the Illinois Higher Education Savings  
24 Program Fund shall be credited to and retained by the Fund and  
25 used for the benefit of the Program. Assets of the Fund must at  
26 all times be preserved, invested, and expended only for the

1 purposes of the Program and must be held for the benefit of the  
2 beneficiaries. Assets may not be transferred or used by the  
3 State or the State Treasurer for any purposes other than the  
4 purposes of the Program. In addition, no moneys, interest, or  
5 other earnings paid into the Fund shall be used, temporarily  
6 or otherwise, for inter-fund borrowing or be otherwise used or  
7 appropriated except as expressly authorized by this Act.  
8 Notwithstanding the requirements of this subsection (g),  
9 amounts in the Fund may be used by the State Treasurer to pay  
10 the administrative costs of the Program.

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

19 (h) Audits and reports. The State Treasurer shall include  
20 the Illinois Higher Education Savings Program as part of the  
21 audit of the College Savings Pool described in Section 16.5.  
22 The State Treasurer shall annually prepare a report that  
23 includes a summary of the Program operations for the preceding  
24 fiscal year, including the number of children enrolled in the  
25 Program, the total amount of seed fund deposits, the rate of  
26 seed deposits claimed, and, to the extent data is reported and

1 available, the racial, ethnic, socioeconomic, and geographic  
2 data of beneficiaries and of children in financially insecure  
3 households who may receive automatic bonus deposits. Such  
4 other information that is relevant to make a full disclosure  
5 of the operations of the Program and Fund may also be reported.  
6 The report shall be made available on the Treasurer's website  
7 by January 31 each year, starting in January of 2024. The State  
8 Treasurer may include the Program in other reports as  
9 warranted.

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

12 (Source: P.A. 102-129, eff. 7-23-21; 102-558, eff. 8-20-21;  
13 102-1047, eff. 1-1-23; 103-8, eff. 6-7-23.)