

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1094 Session of  
2013

INTRODUCED BY LEACH, FERLO AND YUDICHAK, SEPTEMBER 16, 2013

REFERRED TO EDUCATION, SEPTEMBER 16, 2013

AN ACT

1 Amending the act of August 7, 1963 (P.L.549, No.290), entitled,  
2 as amended, "An act creating the Pennsylvania Higher  
3 Education Assistance Agency; defining its powers and duties;  
4 conferring powers and imposing duties on the Governor,  
5 President Pro Tempore of the Senate, Speaker of the House of  
6 Representatives, Superintendent of Public Instruction and the  
7 Department of Auditor General; and making appropriations,"  
8 establishing the Pay It Forward Pay It Back Pennsylvania  
9 Program; imposing a natural gas severance tax; and  
10 establishing the PFPB Fund.

11 The General Assembly of the Commonwealth of Pennsylvania  
12 hereby enacts as follows:

13 Section 1. The act of August 7, 1963 (P.L.549, No.290),  
14 referred to as the Pennsylvania Higher Education Assistance  
15 Agency Act, is amended by adding a section to read:

16 Section 5.11. Pay It Forward Pay It Back Pennsylvania  
17 Program.--(a) The Pay It Forward Pay It Back Pennsylvania  
18 Program is established by the agency in order to provide loans  
19 to eligible students under this section, which loans are to be  
20 repaid, in part, according to the income of the eligible  
21 students.

22 (b) The Pay It Forward Pay It Back Pennsylvania Program Fund

1 is established in the State Treasury. The moneys of the fund are  
2 hereby appropriated on a continuing basis to the agency for the  
3 sole purpose of awarding program loans. The fund shall consist  
4 of the taxes deposited under subsection (c), the repayment of  
5 program loans, interest earned on the moneys of the fund and  
6 other funds appropriated or made available to the fund.

7 (c) A natural gas severance tax is imposed on every  
8 unconventional gas well as defined by 58 Pa.C.S. § 2301  
9 (relating to definitions). The amount of the natural gas  
10 severance tax shall be 5% of the gross value of units severed at  
11 the well head during a reporting period as provided in 58  
12 Pa.C.S. Ch. 23. The tax shall be collected by the Pennsylvania  
13 Public Utility Commission and deposited into the fund.

14 (d) An eligible student may submit an application to the  
15 agency for a program loan. The application shall be in such form  
16 as required by the agency and shall include family income and  
17 such other information as required by the agency. The agency  
18 shall review the application and, if satisfied that the  
19 applicant is an eligible student and is not ineligible for loan  
20 assistance under section 4.1, shall award a program loan to the  
21 applicant.

22 (e) The amount of a program loan shall be:

23 (1) If the family income of the eligible student is below  
24 300% of the Federal poverty level, 100% of covered tuition.

25 (2) If the family income of the eligible student is between  
26 300% and 450% of the Federal poverty level, 66% of covered  
27 tuition.

28 (3) If the family income of the eligible student is between  
29 450% and 600% of the Federal poverty level, 33% of covered  
30 tuition.

1     (f) The agency may not charge interest on a program loan.

2     (g) By accepting a program loan, an eligible student shall  
3 agree to repay the amount of the program loan plus a default  
4 insurance premium amount to be determined by the agency subject  
5 to the following:

6     (1) Repayment shall commence not later than 36 months after  
7 the eligible student graduates from the approved institution of  
8 higher education or becomes employed full time, whichever occurs  
9 first. The 36-month period may be extended by the agency if the  
10 borrower can demonstrate to the satisfaction of the agency that  
11 the borrower has made a good faith effort to obtain full-time  
12 employment but has been unable to do so. The duration of the  
13 extension shall be determined at the sole discretion of the  
14 agency.

15     (2) The monthly amount required to be repaid shall be based  
16 on:

17     (i) eight-tenths of one percent of their annual income, for  
18 every year of community college attended; and

19     (ii) one and fifteen-one-hundredths percent of their annual  
20 income for every year, of State university or State-related  
21 university attended.

22     (3) If at any time during the repayment period the borrower  
23 leaves the work force, except in the case of a disability, the  
24 monthly amount required to be repaid shall be based on one-half  
25 of the estimated annual taxable income of the borrower that is  
26 reportable to the Department of Revenue, subject to the  
27 limitation specified in paragraph (2).

28     (4) Monthly payments shall continue until the borrower has  
29 fully paid the amount of the program loan and the default  
30 insurance premium amount.

1     (5) The agency may defer repayment during any time period  
2 that the borrower is enrolled full time or part time in a  
3 postgraduate degree program at an institution of higher  
4 education.

5     (h) For the purposes of administering the program, the  
6 agency may exercise the same powers of collection as otherwise  
7 authorized by this act.

8     (i) The agency shall forgive the repayment of a program loan  
9 if the borrower dies or becomes disabled.

10    (j) The agency may establish and administer, or contract  
11 with a third party to do so, a default insurance plan for  
12 program loans in which eligible students have defaulted on  
13 repayment of their program loans.

14    (k) In the event that the moneys of the fund are less than  
15 the aggregate amount of program loans applied for in any year,  
16 the agency shall give priority in awarding program loans to  
17 those eligible students who satisfy the provisions of subsection  
18 (e) (1), (2) and (3), in that order.

19    (l) Three years after the first program loan is awarded by  
20 the agency, and continuing every three years thereafter, the  
21 agency shall submit a report to the General Assembly. The report  
22 shall describe the financial stability of the fund and state  
23 whether the tax collected under subsection (c), together with  
24 other moneys of the fund, are sufficient to administer the  
25 program. If funds are sufficient to administer the program, the  
26 agency shall make recommendations for decreasing the rate of the  
27 tax under subsection (c). If funds are insufficient to  
28 administer the program, the agency shall make recommendations  
29 for increasing the rate of the tax under subsection (c).

30    (m) As used in this section, the following words and phrases

shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Approved institution of higher education." Any of the following:

(1) A community college operating under Article XIX-A of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.

(2) A university of the State System of Higher Education.

(3) The Pennsylvania State University.

(4) The University of Pittsburgh.

(5) Temple University.

(6) Lincoln University.

(7) Any other educational institution designated as "State-related" by the Commonwealth.

"Borrower." A person who has been awarded and accepts a program loan.

"Covered tuition." The total sum charged for the credits required for attendance at an approved institution of higher education for a full-time undergraduate academic period. The term includes fees and other charges customarily imposed on all students, but does not include charges for room and board, books or supplies.

"Eligible student." A person who is a resident of this State and has been accepted to or enrolled in an approved institution of higher education.

"Fund." The Pay It Forward Pay It Back Pennsylvania Program Fund established by this section.

"Program." The Pay It Forward Pay It Back Pennsylvania Program established by this section.

"Program loan." A loan awarded by the agency to an eligible

1 student under the program.

2       Section 2.   This act shall take effect in 60 days.