

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1924 Session of
1991

INTRODUCED BY VEON, MUNDY, STURLA, SALOOM, MELIO, NAHILL,
HALUSKA, LEVDANSKY, TIGUE, MIHALICH, KOSINSKI, FAIRCHILD,
KRUSZEWSKI, McHALE, SAURMAN, CARN, JOSEPHS, FAJT, BELFANTI,
GIGLIOTTI, STABACK, E. Z. TAYLOR, JOHNSON, LAUGHLIN, OLASZ,
WILLIAMS, TRELLO, KASUNIC, COLAFELLA, McCALL, BUNT, ADOLPH,
RICHARDSON, BROUJOS, JAMES AND LINTON, JULY 17, 1991

REFERRED TO COMMITTEE ON EDUCATION, JULY 17, 1991

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 agency as a creditor of bankrupt
9 postsecondary or technical institutions of learning; and
10 making editorial changes.

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

13 Section 1. Section 3(a) of the act of August 7, 1963
14 (P.L.549, No.290), referred to as the Pennsylvania Higher
15 Education Assistance Agency Act, amended January 18, 1968 (1967
16 P.L.952, No.424), is amended to read:

17 Section 3. Governing Bodies.--(a) Such agency shall be
18 governed and all of its corporate powers exercised by a board of
19 directors which shall consist of twenty members, nineteen of
20 whom shall be appointed as hereinafter provided, and the

1 [Superintendent of Public Instruction] Secretary of Education.
2 Three members shall be appointed by the Governor, eight shall be
3 appointed by the President Pro Tempore of the Senate, and eight
4 shall be appointed by the Speaker of the House of
5 Representatives. All members shall be of full age, citizens of
6 the United States and residents of the State, and shall be
7 appointed for terms of six years each[, except that of the
8 members first appointed by the Governor, one shall be appointed
9 for a term which shall expire on June 30, 1965, one for a term
10 which shall expire on June 30, 1967, and one for a term which
11 shall expire on June 30, 1969, and of the members first
12 appointed by the President Pro Tempore of the Senate, one shall
13 be appointed for a term which shall expire on June 30, 1965, one
14 for a term which shall expire on June 30, 1967, and one for a
15 term which shall expire on June 30, 1969, and of the members
16 first appointed by the Speaker of the House of Representatives,
17 one shall be appointed for a term which shall expire on June 30,
18 1965, one for a term which shall expire on June 30, 1967, and
19 one for a term which shall expire on June 30, 1969; and of the
20 five additional members to be appointed by the President Pro
21 Tempore of the Senate under this amendment, one shall be
22 appointed for a term which shall expire on June 30, 1969, two
23 for a term which shall expire on June 30, 1971, one for a term
24 which shall expire on June 30, 1973 and one for a term which
25 shall expire on June 30, 1975, and of the five additional
26 members to be appointed by the Speaker of the House of
27 Representatives under this amendment, one shall be appointed for
28 a term which shall expire on June 30, 1969, two for a term which
29 shall expire on June 30, 1971, one for a term which shall expire
30 on June 30, 1973 and one for a term which shall expire on June

1 30, 1975]. The eight members appointed by the President Pro
2 Tempore of the Senate shall be members of the Senate, four of
3 whom shall be of the majority party and four of the minority
4 party, and the eight members appointed by the Speaker of the
5 House of Representatives shall be members of the House of
6 Representatives, four of whom shall be of the majority party and
7 four of the minority party, and any member of the Senate or
8 House of Representatives hereafter appointed shall serve on the
9 board only so long as he is a member of the particular body of
10 the General Assembly from which he was appointed to the board,
11 in which event he shall be ineligible to continue as a member of
12 the board as a legislative appointee and a vacancy shall exist.
13 In such a case the President Pro Tempore of the Senate or the
14 Speaker of the House of Representatives shall fill the vacancy
15 for the unexpired term in the same manner as original
16 appointments. A member of the board of directors who becomes
17 ineligible to serve as a legislative appointee shall be eligible
18 for appointment by the Governor. The board of directors shall
19 elect from its own members each year a chairman and vice
20 chairman who shall serve for terms of one year and who shall be
21 eligible for reelection for successive terms. Vacancies shall be
22 filled for the unexpired terms in the same manner as original
23 appointments. Directors shall receive no compensation for their
24 services, but shall be reimbursed for their expenses actually
25 and necessarily incurred by them in the performance of their
26 duties under this act.

27 * * *

28 Section 2. Section 4(1) of the act, amended December 20,
29 1983 (P.L.289, No.77), is amended to read:

30 Section 4. Powers and Duties.--In furtherance of the

1 purposes set forth in this act, the board of directors shall
2 have the following powers:

3 (1) To make, guarantee, undertake commitments to make or
4 acquire and participate with lending or postsecondary
5 institutions in the making of loans, service or otherwise
6 provide loans of money upon such terms and conditions as the
7 board may prescribe within the limitations contained herein or
8 applicable Federal law, at such rates of interest as are
9 determined by the agency, to lenders, postsecondary institutions
10 and to persons who are residents of this State and who plan to
11 attend or are attending any approved institution of higher
12 education eligible under this act or applicable Federal law, in
13 this State or elsewhere to assist them in meeting their expenses
14 of higher education. No such person shall receive any loan or
15 loan guarantee in excess of annual and maximum limits as
16 established by the board of directors or in compliance with
17 limits established for loans funded, guaranteed or reinsured
18 under Federal laws. Such loans or loan guarantees shall become
19 due and payable at the direction of the board of directors.
20 Loans made or guaranteed by the agency shall not be subject to
21 the provisions of the act of January 30, 1974 (P.L.13, No.6),
22 referred to as the Loan Interest and Protection Law, or to any
23 other law which establishes a limit of interest rate which may
24 be charged thereon. The board of directors of the agency shall
25 have the sole authority and discretion to establish the interest
26 rates on all loans made or guaranteed by the agency. Loans made
27 or guaranteed by the agency which involve a postsecondary or
28 technical institution of learning which declares bankruptcy,
29 before academic credit or its equivalent can be earned for the
30 academic term for which the loan was needed, shall be collected

1 by the agency from the bankrupt institution, and the student
2 shall be required to give over to the agency any amount which
3 the bankrupt institution reimburses to the student; the student
4 shall not be held liable by the agency for the loan in this
5 instance, and the agency shall be deemed the bankrupt
6 institution's creditor for all purposes of collection.

7 * * *

8 Section 2. This act shall be retroactive to January 1, 1991.

9 Section 3. This act shall take effect in 60 days.