

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1213 Session of 2013

INTRODUCED BY QUINN, ADOLPH, CLYMER, PEIFER, AUMENT, BARRAR, BIZZARRO, BRIGGS, V. BROWN, CALTAGIRONE, D. COSTA, CUTLER, DAVIDSON, DeLUCA, EVERETT, FABRIZIO, FLECK, GINGRICH, GOODMAN, HARKINS, HARPER, HELM, LONGIETTI, MACKENZIE, MURT, NEUMAN, READSHAW, REED, ROCK, ROEBUCK, SCHLOSSBERG, STEPHENS, STERN, STEVENSON, THOMAS, VEREB, WATSON, SIMMONS, KAUFFMAN, HAGGERTY, HICKERNELL, CARROLL, PETRI, GABLER, DENLINGER, ROZZI, KULA, M. DALEY, GIBBONS, BROOKS, SCAVELLO, BISHOP AND SIMS, APRIL 17, 2013

AS REPORTED FROM COMMITTEE ON EDUCATION, HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 30, 2014

AN ACT

1 Providing for ~~middle-income~~ student debt reduction THROUGH THE <--
2 ESTABLISHMENT OF A READY TO SUCCEED SCHOLARSHIP PROGRAM; and
3 imposing powers and duties on the Pennsylvania Higher
4 Education Assistance Agency.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 CHAPTER 1

8 GENERAL PROVISIONS

9 Section 101. Short title.

10 This act shall be known and may be cited as the ~~Middle Income~~ <--
11 ~~Student Debt Reduction~~ READY TO SUCCEED SCHOLARSHIP Act. <--

12 Section 102. Definitions.

13 The following words and phrases when used in this act shall
14 have the meanings given to them in this section unless the
15 context clearly indicates otherwise:

1 "Agency." The Pennsylvania Higher Education Assistance
2 Agency.

3 "Approved institution of higher education." Any institution
4 of higher learning THAT IS approved by the agency. TO <--
5 PARTICIPATE IN THE STATE GRANT PROGRAM AND IS DOMICILED AND
6 HEADQUARTERED WITH ITS PRINCIPAL LOCATION IN THIS COMMONWEALTH.

7 ~~"Family financial data." Income information submitted to the <--~~
8 ~~agency by a middle income student applicant, an applicant's~~
9 ~~parents and stepparent and the applicant's spouse, as required~~
10 ~~under 22 Pa. Code § 121.44 (relating to required family~~
11 ~~financial data).~~

12 ~~"Financial need." The need of a full time student or half-~~
13 ~~time student satisfying the middle income requirement of this~~
14 ~~act.~~

15 ~~"Full time student." A student carrying a full time academic~~
16 ~~workload the equivalent of any of the following:~~

17 ~~(1) Twelve semester credits.~~

18 ~~(2) Four hundred and fifty clock hours of instruction~~
19 ~~per academic term.~~

20 ~~(3) If the schedule of a program of study offered on a~~
21 ~~clock hour basis does not permit the equivalent of 450 clock~~
22 ~~hours of instruction per academic term, 24 clock hours of~~
23 ~~instruction per week.~~

24 ~~"Grant program." A grant program administered by the agency~~
25 ~~under this act.~~

26 ~~"Half time student." A student with at least half the~~
27 ~~academic workload of a full time student.~~

28 ~~"Middle income requirement." As follows:~~

29 ~~(1) A middle income student whose family financial data~~
30 ~~indicates an annual family income of at least \$80,000 but not~~

1 ~~more than \$110,000 and has demonstrated financial need as~~
2 ~~determined by the agency.~~

3 ~~(2) Beginning July 1, 2014, the agency shall annually~~
4 ~~adjust the middle income requirement amounts under paragraph~~
5 ~~(1) to reflect any upward changes in the Consumer Price Index~~
6 ~~for All Urban Consumers for the Pennsylvania, New Jersey,~~
7 ~~Delaware and Maryland area in the preceding 12 months.~~

8 ~~"Middle income student." A full time or half time student~~
9 ~~satisfying the middle income requirement.~~

10 ~~"Parent." A middle income student's mother, father or legal~~
11 ~~guardian.~~

12 "PROGRAM." THE READY TO SUCCEED SCHOLARSHIP PROGRAM
13 ESTABLISHED UNDER THIS ACT.

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14 "STATE GRANT." A GRANT OR SCHOLARSHIP AWARDED UNDER THE ACT
15 OF JANUARY 25, 1966 (1965 P.L.1546, NO.541), REFERRED TO AS THE
16 HIGHER EDUCATION SCHOLARSHIP LAW.
17 Section 103. Legislative purpose.

18 The General Assembly finds as follows:

19 (1) Since 1965, the Pennsylvania Higher Education
20 Assistance Agency has provided over 5,000,000 financial aid
21 awards to needy Pennsylvania students attending and pursuing
22 a postsecondary education through its administration of the
23 PHEAA grant program.

24 (2) The income limits for the agency's student financial
25 assistance program, however, are set at a range that
26 precludes many middle income students from the opportunity of
27 receiving a State grant to pursue their postsecondary
28 endeavors.

29 (3) With the cost of higher education increasing,
30 financial aid should be expanded to reduce debt on middle

1 income students.

2 (4) It is the intent of this General Assembly and the
3 purpose of this act to establish a ~~targeted State grant~~ <--
4 SCHOLARSHIP program to assist the Commonwealth's students <--
5 from middle-income families and give them the opportunity to
6 continue their program of self-improvement in an approved
7 institution of higher education of their choice.

8 (5) The ~~grant~~ program created shall augment and not <--
9 replace other State-supported financial aid.

10 ~~CHAPTER 2~~ <--

11 ~~GRANT PROGRAM~~

12 ~~Section 201. Administration.~~

13 ~~This act shall be administered by the agency.~~

14 ~~Section 202. Agency.~~

15 ~~(a) Powers and duties. The agency shall have the following~~
16 ~~powers and duties:~~

17 ~~(1) To prepare and supervise the issuance of public~~
18 ~~information concerning the provisions of the grant program.~~

19 ~~(2) To prescribe the form and regulate the submission of~~
20 ~~applications for grants.~~

21 ~~(3) To determine if an applicant meets middle income~~
22 ~~requirements and is eligible for a grant under this act.~~

23 ~~(4) To select qualified recipients.~~

24 ~~(5) To award the appropriate grants.~~

25 ~~(6) To determine eligibility for, and annual renewal of,~~
26 ~~grants.~~

27 ~~(b) Authorization. The agency is authorized to make~~
28 ~~necessary rules, consistent with this act, for the efficient~~
29 ~~exercise of the functions under subsection (a).~~

30 ~~Section 203. Additional responsibilities.~~

1 ~~The agency shall assume the same duties, responsibilities and~~
2 ~~relationships for this act as for the following:~~

3 ~~(1) The act of August 7, 1963 (P.L. 549, No. 290),~~
4 ~~referred to as the Pennsylvania Higher Education Assistance~~
5 ~~Agency Act.~~

6 ~~(2) The act of January 25, 1966 (1965 P.L. 1546, No. 541),~~
7 ~~referred to as the Higher Education Scholarship Law.~~

8 CHAPTER 3

9 ELIGIBILITY

10 ~~Section 301. Eligibility.~~

11 ~~A student shall be eligible for consideration for a grant if~~
12 ~~the student meets all of the following criteria:~~

13 ~~(1) Middle income requirements established under this~~
14 ~~act.~~

15 ~~(2) Citizen requirements of 22 Pa. Code § 121.2~~
16 ~~(relating to citizenship).~~

17 ~~(3) Domicile requirements of 22 Pa. Code § 121.57~~
18 ~~(relating to higher education grant domicile).~~

19 ~~(4) Graduation requirements of 22 Pa. Code § 121.21~~
20 ~~(relating to requirement for higher education grant~~
21 ~~applicants).~~

22 ~~(5) Character and academic promise, as established by~~
23 ~~the agency.~~

24 ~~Section 302. Choice.~~

25 ~~The grant recipient shall be free to attend any approved~~
26 ~~institution of higher education of the recipient's choice and~~
27 ~~apply the grant toward the agency's allowable education costs of~~
28 ~~that institution. The institution shall not be required to~~
29 ~~accept the grant recipient for enrollment, but may require~~
30 ~~compliance with its admission requirements, standards and~~

1 ~~policies.~~

2 ~~Section 303. Special provisions.~~

3 ~~(a) Nondiscrimination. Grant awards must be made without~~
4 ~~regard to the applicant's race, creed, color, sex, national~~
5 ~~origin or ancestry.~~

6 ~~(b) Eligibility. Students who are declared eligible for~~
7 ~~first year undergraduate awards but do not receive a grant~~
8 ~~because they are not able to demonstrate that they meet the~~
9 ~~middle income requirements may be awarded a grant during their~~
10 ~~undergraduate study at any time that they are able to~~
11 ~~demonstrate that they meet the eligibility requirements under~~
12 ~~this act. Nothing under this act shall preclude a student who~~
13 ~~fails to meet the middle income requirement from applying for or~~
14 ~~receiving a grant, loan or award from the agency.~~

15 ~~(c) Limit. Undergraduate awards granted during the first~~
16 ~~year shall be limited to students currently enrolled or accepted~~
17 ~~for enrollment at an approved institution of higher education.~~
18 ~~Awards shall be based on the level of appropriation provided~~
19 ~~annually by the Commonwealth's enacted budget for this program~~
20 ~~and as determined by the agency. Awards shall be renewable under~~
21 ~~Chapter 6 and agency policy.~~

22 ~~(d) Age. Any middle income student qualifying for a grant~~
23 ~~may not be disqualified because the student is under 18 years of~~
24 ~~age. For the purpose of applying for and receiving grants, an~~
25 ~~individual under 18 years of age shall be deemed to have full~~
26 ~~legal capacity to act and shall have all the rights, powers,~~
27 ~~privileges and obligations of an individual of full age.~~

28 ~~(e) Other grants. If a student fails to meet the middle~~
29 ~~income requirements under this act, but meets the requirements~~
30 ~~of another grant, loan or award issued by the agency, the agency~~

1 ~~shall notify the student applicant of the other grant, loan or~~
2 ~~award that the student may be eligible for and direct the~~
3 ~~student's application to the appropriate administrative office~~
4 ~~within the agency for consideration, except that a student~~
5 ~~eligible for an award under this act may not simultaneously be~~
6 ~~eligible for a Pennsylvania State Grant award.~~

7 CHAPTER 4

8 SELECTION

9 ~~Section 401. Grouping of applicants.~~

10 ~~The agency shall select from among current applicants those~~
11 ~~students currently enrolled or accepted for enrollment in an~~
12 ~~approved institution of higher education who, in the agency's~~
13 ~~sole discretion, are successfully pursuing a course of study or~~
14 ~~who have been accepted as first year undergraduate students and~~
15 ~~who need financial assistance to complete their educational~~
16 ~~programs.~~

17 ~~Section 402. Grant awards.~~

18 ~~(a) Amount. The amount of the grant to a middle income~~
19 ~~student shall be determined on the basis of the financial need~~
20 ~~of the applicant, the funds available for grants and the number~~
21 ~~of eligible applicants for grants.~~

22 ~~(b) Need analysis procedures. Grants awarded to eligible~~
23 ~~middle income student applicants shall be determined according~~
24 ~~to the need analysis procedures established annually by the~~
25 ~~agency and published in the State Higher Education Grant Program~~
26 ~~Manual as required under 22 Pa. Code § 121.47 (relating to State~~
27 ~~Higher Education Grant Program Manual). Financial need shall be~~
28 ~~computed according to policies established by the agency.~~

29 CHAPTER 5

30 FUNDS

1 ~~Section 501. Appropriation and financial need.~~

2 ~~(a) Appropriation. For fiscal year 2013-2014, the sum of~~
3 ~~\$36,000,000 is appropriated to the agency for middle income~~
4 ~~higher education grants. Funding for the middle income higher~~
5 ~~education grant program shall be provided from an annual~~
6 ~~appropriation by the General Assembly.~~

7 ~~(b) Financial need. All middle income student grant awards~~
8 ~~will be based on the applicant's financial need. The minimum~~
9 ~~grant award for middle income students shall be determined~~
10 ~~annually by the board of directors of the agency. The maximum~~
11 ~~grant for middle income students shall be established annually~~
12 ~~by the board of directors of the agency at a level so as to keep~~
13 ~~expenditures within the funds available through reenactment of~~
14 ~~appropriations relating to the forward funding of the PHEAA~~
15 ~~grant program as provided for under the act of March 28, 1974~~
16 ~~(P.L.228, No.50), referred to as the Higher Education Assistance~~
17 ~~Continuation Law, and from funds appropriated or made available~~
18 ~~from Federal, State or other sources for grants during a fiscal~~
19 ~~year.~~

20 ~~(c) Limitation. The total State financial assistance may~~
21 ~~not exceed the financial need of the applicant or the annual~~
22 ~~limits established under the authority of this act and the act~~
23 ~~of August 7, 1963 (P.L.549, No.290), referred to as the~~
24 ~~Pennsylvania Higher Education Assistance Agency Act. If awards~~
25 ~~exceed available resources, applicants shall be funded as the~~
26 ~~agency shall determine.~~

27 ~~CHAPTER 6~~

28 ~~GRANT RENEWAL~~

29 ~~Section 601. Use of grants.~~

30 ~~(a) Renewal.~~

1 ~~(1) Each grant shall be renewable until the program of~~
2 ~~study is completed, but may not exceed an additional three~~
3 ~~full time academic years or its equivalent beyond the first~~
4 ~~year of the award or an additional four academic years for~~
5 ~~students enrolled in five year undergraduate programs of~~
6 ~~study approved by the agency. Additional years may be~~
7 ~~consecutive or nonconsecutive years.~~

8 ~~(2) Qualifications for renewal shall include maintaining~~
9 ~~satisfactory academic standing, making normal progress toward~~
10 ~~completion of the course of study and continued eligibility~~
11 ~~as determined by the agency, including legal Pennsylvania~~
12 ~~residency.~~

13 ~~(b) Transfer. If a grant recipient transfers from one~~
14 ~~eligible institution to another, the recipient's grant shall be~~
15 ~~transferable only with the approval of the agency.~~

16 ~~(c) Additional grants. The agency shall have the right to~~
17 ~~use the unused grant funds for additional grants in any fiscal~~
18 ~~year and in any category.~~

19 ~~(d) Payments. Payments of grants shall be made by the~~
20 ~~agency in accordance with this act and the rules and regulations~~
21 ~~established by the agency. If the recipient terminates~~
22 ~~enrollment during the academic year, the unused portion of the~~
23 ~~grant shall be returned to the agency by the institution~~
24 ~~according to the institution's own policy for issuing refunds.~~

25 ~~CHAPTER 7~~

26 ~~DENIAL~~

27 ~~Section 701. Procedure.~~

28 ~~(a) Grounds. The agency may deny financial assistance to a~~
29 ~~middle income student that meets any of the following:~~

30 ~~(1) Is convicted of any of the offenses listed under 22-~~

1 ~~Pa. Code § 121.6 (relating to denial of eligibility for~~
2 ~~financial assistance).~~

3 ~~(2) Has been expelled, dismissed or denied enrollment by~~
4 ~~an approved institution of higher education.~~

5 ~~(3) Has defaulted on a loan under 22 Pa. Code § 121.4~~
6 ~~(relating to denial of eligibility to loan defaulters).~~

7 ~~(b) Appeal. A middle income student who is denied financial~~
8 ~~assistance may follow appeal procedures under 22 Pa. Code §~~
9 ~~121.7 (relating to notice of denial and preliminary review~~
10 ~~procedures) and 22 Pa. Code § 121.8 (relating to applicant and~~
11 ~~recipient appeals and hearings).~~

12 ~~(c) Information. Each approved institution of higher~~
13 ~~education shall, within ten business days, furnish to the~~
14 ~~agency, the name and address of a student who is a resident of~~
15 ~~this Commonwealth and who is expelled, dismissed or denied~~
16 ~~enrollment or of whom the approved institution of higher~~
17 ~~education has knowledge that the student has been convicted of~~
18 ~~an offense under subsection (a)(1).~~

19 ~~(d) Refund. Whenever a recipient fails to complete a term,~~
20 ~~the agency shall initiate refund procedures under 22 Pa. Code §~~
21 ~~121.51 (relating to refund of State higher education grants).~~

22 ~~(e) Status. Any institution of higher learning which~~
23 ~~refuses to execute an agreement with the agency to comply with~~
24 ~~subsection (c) shall be denied the status of an approved~~
25 ~~institution of higher education under this act.~~

26 ~~CHAPTER 9~~

27 ~~MISCELLANEOUS PROVISIONS~~

28 ~~Section 901. Effective date.~~

29 ~~This act shall take effect July 31, 2013, or immediately,~~
30 ~~whichever is later.~~

CHAPTER 2

<--

PROGRAM

SECTION 201. ESTABLISHMENT.

THE READY TO SUCCEED SCHOLARSHIP PROGRAM IS ESTABLISHED WITHIN THE AGENCY.

SECTION 202. AGENCY.

(A) GENERAL RULE.--THE AGENCY MAY USE FUNDS APPROPRIATED FOR THE PURPOSES OF THIS ACT FROM THE GENERAL FUND AND MAY ACCEPT DONATIONS FROM ALL PUBLIC AND PRIVATE SOURCES, INCLUDING THE FEDERAL GOVERNMENT, TO PROVIDE SCHOLARSHIPS TO ELIGIBLE STUDENTS PURSUING POSTSECONDARY EDUCATION AT AN APPROVED INSTITUTION OF HIGHER EDUCATION.

(B) GUIDELINES.--THE AGENCY, IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION, SHALL ADMINISTER AND ESTABLISH GUIDELINES FOR THE PROGRAM.

(C) AWARDS.--SCHOLARSHIP AWARDS UNDER THE PROGRAM SHALL BE ESTABLISHED BY THE AGENCY BASED UPON AVAILABLE RESOURCES.

CHAPTER 3

ELIGIBILITY

SECTION 301. ELIGIBILITY.

THE DEPARTMENT OF EDUCATION SHALL CONSULT WITH THE AGENCY TO IDENTIFY AND PROVIDE GUIDELINES FOR STUDENT ELIGIBILITY AND RENEWAL CRITERIA. STUDENT ELIGIBILITY AT A MINIMUM SHALL REQUIRE:

- (1) TOTAL ANNUAL HOUSEHOLD INCOME WHICH DOES NOT EXCEED \$110,000. WITH EACH NEW AWARD YEAR, THE AGENCY SHALL ANNUALLY ADJUST THE TOTAL ANNUAL HOUSEHOLD INCOME THRESHOLD UNDER THIS PARAGRAPH TO REFLECT ANY UPWARD CHANGES IN THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA.

1 (2) AT LEAST HALF-TIME ENROLLMENT IN A PROGRAM OF STUDY
2 APPROVED BY THE AGENCY.

3 (3) DEMONSTRATION OF OUTSTANDING ACADEMIC ACHIEVEMENT.

4 (4) COMPLIANCE WITH ALL REQUIREMENTS OF THE STATE GRANT
5 PROGRAM ADMINISTERED BY THE AGENCY, NOTWITHSTANDING THE
6 FINANCIAL NEED REQUIREMENTS OF THE STATE GRANT PROGRAM.

7 CHAPTER 9

8 MISCELLANEOUS PROVISIONS

9 SECTION 901. EFFECTIVE DATE.

10 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.