

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 741 Session of 2015

INTRODUCED BY LEACH, HAYWOOD, SCHWANK, YUDICHAK, BREWSTER AND FONTANA, APRIL 16, 2015

REFERRED TO EDUCATION, APRIL 16, 2015

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 Pay It Forward Pay It Back Pennsylvania
 11 Program Fund.

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

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

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

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

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

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

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

25 (1) If the family income of the eligible student is below
26 300% of the Federal poverty level, 100% of covered tuition.

27 (2) If the family income of the eligible student is between
28 300% and 450% of the Federal poverty level, 66% of covered
29 tuition.

30 (3) If the family income of the eligible student is between

1 450% and 600% of the Federal poverty level, 33% of covered
2 tuition.

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

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

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

17 (2) The monthly amount required to be repaid shall be based
18 on:

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

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

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

30 (4) Monthly payments shall continue until the borrower has

1 fully paid the amount of the program loan and the default
2 insurance premium amount.

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

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

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

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

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

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

1 for increasing the rate of the tax under subsection (c).

2 (m) As used in this section, the following words and phrases
3 shall have the meanings given to them in this subsection unless
4 the context clearly indicates otherwise:

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

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

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

11 (3) The Pennsylvania State University.

12 (4) The University of Pittsburgh.

13 (5) Temple University.

14 (6) Lincoln University.

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

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

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

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

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

30 "Program." The Pay It Forward Pay It Back Pennsylvania

1 Program established by this section.

2 "Program loan." A loan awarded by the agency to an eligible
3 student under the program.

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