

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 183 Session of 2019

INTRODUCED BY LEACH, BREWSTER, COSTA, SANTARSIERO, HAYWOOD,
HUGHES AND YUDICHAK, FEBRUARY 1, 2019

REFERRED TO EDUCATION, FEBRUARY 1, 2019

AN ACT

1 Amending the act of August 7, 1963 (P.L.549, No.290), entitled
2 "An act creating the Pennsylvania Higher Education Assistance
3 Agency; defining its powers and duties; conferring powers and
4 imposing duties on the Governor, President Pro Tempore of the
5 Senate, Speaker of the House of Representatives,
6 Superintendent of Public Instruction and the Department of
7 Auditor General; and making appropriations," establishing the
8 Pay It Forward Pay It Back Pennsylvania Program; imposing a
9 natural gas severance tax; and establishing the Pay It
10 Forward Pay It Back Pennsylvania Program 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 five per cent of the gross value of units
11 severed at the well head during a reporting period as provided
12 in 58 Pa.C.S. Ch. 23 (relating to unconventional gas well fee).
13 The tax shall be collected by the Pennsylvania Public Utility
14 Commission and deposited into the fund.

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

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

24 (1) If the family income of the eligible student is below
25 three hundred per cent of the Federal poverty level, one hundred
26 per cent of covered tuition.

27 (2) If the family income of the eligible student is between
28 three hundred per cent and four hundred fifty per cent of the
29 Federal poverty level, sixty-six per cent of covered tuition.

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

1 four hundred fifty per cent and six hundred per cent of the
2 Federal poverty level, thirty-three per cent of covered 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 of a program loan shall commence not later
9 than thirty-six months after the eligible student graduates from
10 the approved institution of higher education or becomes employed
11 full time, whichever occurs first. The thirty-six-month period
12 may be extended by the agency if the borrower can demonstrate to
13 the satisfaction of the agency that the borrower has made a good
14 faith effort to obtain full-time employment but has been unable
15 to do so. The duration of the extension shall be determined at
16 the sole discretion of the agency.

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

19 (i) eight-tenths per cent of the borrower's annual income
20 for every year that the eligible student attended community
21 college; and

22 (ii) one and fifteen-hundredths per cent of the borrower's
23 annual income for every year that the eligible student attended
24 a State university or State-related university.

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

1 (4) Monthly payments shall continue until the borrower has
2 fully paid the amount of the program loan and the default
3 insurance premium amount.

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

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

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

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

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

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

1 administer the program, the agency shall make recommendations
2 for increasing the rate of the tax under subsection (c).

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

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

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

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

12 (3) The Pennsylvania State University.

13 (4) The University of Pittsburgh.

14 (5) Temple University.

15 (6) Lincoln University.

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

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

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

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

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

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

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

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