
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 377 Session of
2021

INTRODUCED BY FONTANA, SANTARSIERO, KANE AND KEARNEY,
JUNE 7, 2021

REFERRED TO EDUCATION, JUNE 7, 2021

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," establishing the Nellie Bly
6 Scholarship Program; providing for scholarship awards to
7 students in State System of Higher Education institutions and
8 for emergency grants for students; and imposing duties on
9 Department of Education and State System of Higher Education.

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

12 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
13 as the Public School Code of 1949, is amended by adding an
14 article to read:

15 ARTICLE XX-K

16 NELLIE BLY SCHOLARSHIP PROGRAM

17 Section 2001-K. Definitions.

18 The following words and phrases when used in this article
19 shall have the meanings given to them in this section unless the
20 context clearly indicates otherwise:

21 "Academic year." A complete school year commencing on or

1 after August 1 of the calendar year.

2 "Account." The Nellie Bly Scholarship Program Restricted
3 Account established under 4 Pa.C.S. § 1405 (relating to
4 Pennsylvania Race Horse Development Trust Fund).

5 "Cost of attendance." The direct and indirect costs relating
6 to attendance at an institution. The term includes tuition and
7 fees, room and board or living expenses, books, supplies,
8 transportation, loan fees, the documented cost of a personal
9 computer and other school-related miscellaneous expenses,
10 allowance for child care or other dependent care, costs related
11 to a disability and eligible study-abroad programs.

12 "Department." The Department of Education of the
13 Commonwealth.

14 "Eligible student." An individual who meets the eligibility
15 criteria specified in section 2006-K.

16 "Emergency grant." A grant to a scholarship recipient by the
17 State system to cover emergency funding needs of a scholarship
18 recipient such as textbook expenses, small outstanding balances
19 on a scholarship recipient's account with an institution or
20 other emergency needs deemed acceptable by the institution.

21 "FAFSA" or "application." The Free Application for Federal
22 Student Aid.

23 "Financial aid." Money paid by an entity on behalf of a
24 student enrolled in higher education to help pay for college or
25 career school. The term includes grants, work study, loans and
26 scholarships.

27 "Full-time enrollment." A course load of credited classes
28 that add up to 12 or more credits per academic semester.

29 "Funding award." A transfer of funds from the account to the
30 State system to fund scholarship awards and emergency grants.

1 "Institution." A State-owned college or university within
2 the State System of Higher Education established and listed in
3 section 2002-A(a).

4 "Institutional aid." Financial aid offered to a student of
5 an institution directly by the institution. The term includes
6 merit aid, gift aid and athletic awards.

7 "Private scholarship." Financial aid awards funded by
8 entities other than the Federal Government, the Commonwealth or
9 an institution, including awards by companies, service groups,
10 foundations, organizations and individuals.

11 "Program." The Nellie Bly Scholarship Program established
12 under section 2002-K.

13 "Program administration agreement." The written agreement
14 between the department and the State system that governs the
15 administration of the program.

16 "Promissory note." The promissory note executed by a
17 scholarship recipient in favor of the institution that sets
18 forth:

19 (1) the conditions which would cause the scholarship
20 award to be repaid by the scholarship recipient; and

21 (2) the terms of the repayment.

22 "Scholarship agreement." The written agreement between the
23 institution and a scholarship recipient when a scholarship award
24 is made.

25 "Scholarship award." An award of program funds made by the
26 State system to an eligible student toward the costs of
27 attendance.

28 "Scholarship recipient." An eligible student who is awarded
29 a scholarship or emergency grant.

30 "State system." The State System of Higher Education

1 established under Article XX-A.

2 Section 2002-K. Nellie Bly Scholarship Program.

3 (a) Establishment.--The Nellie Bly Scholarship Program is
4 established within the department.

5 (b) Funding award.--The department shall make a funding
6 award to the State system. The State system shall use the
7 funding award to make scholarship awards and emergency grants to
8 eligible students. The department shall allocate the funds
9 appropriated to the account as follows:

10 (1) One-quarter of 1% for reimbursement for the
11 administrative program costs incurred by the department,
12 including costs for data collection, audits and reviews under
13 section 2003-K(e).

14 (2) Three-quarters of 1% for reimbursement for the
15 administrative program costs incurred by the State system,
16 including costs incurred by the State system under section
17 2004-K(d) (5).

18 (3) One percent for funding by the State system of
19 emergency grants.

20 (4) Eighty-eight percent for funding by the State system
21 of scholarship awards.

22 (c) Available funds.--The department shall make a funding
23 award to the State system only to the extent funds are available
24 in the account.

25 Section 2003-K. Duties of department.

26 (a) Program administration agreement.--The department shall
27 enter into a program administration agreement with the State
28 system which shall include the following:

29 (1) The amount of the funding award being made by the
30 department.

1 (2) The timing of the funding award.

2 (3) The responsibilities of the State system as an
3 administrator of the program, as prescribed in section 2004-
4 K, including data reporting requirements and performance
5 benchmarks.

6 (4) Posting of the application for the program on the
7 department's publicly accessible Internet website.

8 (5) Conditions for when a scholarship recipient must
9 repay the scholarship award to the State system.

10 (6) Other terms and conditions as deemed necessary by
11 the department in the regulations.

12 (b) Termination of program administration agreement.--The
13 department may terminate the program administration agreement
14 with the State system if the department determines any of the
15 following:

16 (1) The State system breached a material term or
17 condition of the program administration agreement, including
18 failure to meet performance benchmarks, accountability
19 standards or data reporting requirements.

20 (2) The State system misused a funding award as
21 determined by a department audit.

22 (3) Any other condition specified by the department in
23 regulations.

24 (c) Administration after termination.--If the department
25 terminates a program administration agreement with the State
26 system under subsection (b), the department may administer the
27 program or may contract with a third party to provide program
28 administration.

29 (d) Form of agreement and promissory note.--The department,
30 in coordination with the State system, shall develop the form of

1 scholarship agreements and promissory notes to be used by the
2 State system when awarding a scholarship.

3 (e) Audits, review and collection of data.--The department
4 may conduct audits and reviews and collect data of the
5 scholarship awards and emergency grants made by the State system
6 as the department determines to be necessary or appropriate.

7 (f) Regulations.--The department shall promulgate
8 regulations as necessary to implement, administer and enforce
9 this article.

10 (g) Temporary regulations.--

11 (1) In order to facilitate the prompt implementation of
12 this article, the department shall promulgate temporary
13 regulations that shall expire no later than three years
14 following the effective date of this section. The temporary
15 regulations shall not be subject to:

16 (i) Sections 201, 202, 203, 204 and 205 of the act
17 of July 31, 1968 (P.L.769, No.240), referred to as the
18 Commonwealth Documents Law.

19 (ii) Section 204(b) of the act of October 15, 1980
20 (P.L.950, No.164), known as the Commonwealth Attorneys
21 Act.

22 (iii) The act of June 25, 1982 (P.L.633, No.181),
23 known as the Regulatory Review Act.

24 (2) The department shall transmit notice of the
25 temporary regulations to the Legislative Reference Bureau for
26 publication in the Pennsylvania Bulletin.

27 (h) Guidelines for awards.--The department shall develop
28 written guidelines, in consultation with the State system, for
29 the implementation of this article. The guidelines may
30 prioritize scholarship awards for students pursuing certain

1 degree programs or career pathways identified using labor market
2 data.

3 Section 2004-K. Duties of State system.

4 (a) Administration.--The State system shall administer the
5 program in accordance with the program administration agreement.

6 (b) Assign rights.--At the request of the department, the
7 State system shall assign rights in the scholarship agreements
8 and promissory notes to the department.

9 (c) Accountability.--The State system shall meet benchmarks
10 and accountability standards as prescribed by the department in
11 the regulations or program administration agreement.

12 (d) Powers and duties.--The powers and duties of the State
13 system under the program shall include:

14 (1) Entering into a program administration agreement
15 with the department.

16 (2) Developing, in coordination with the department, the
17 form of scholarship agreements and promissory notes to be
18 used by the State system when awarding a scholarship.

19 (3) Awarding scholarships and executing scholarship
20 agreements with eligible students on a form prescribed by the
21 department.

22 (4) Enforcing scholarship agreements and promissory
23 notes.

24 (5) Collecting amounts required to be repaid by
25 scholarship recipients under section 2006-K(d) whether
26 through the direct collection efforts of the State system or
27 through a contract between the State system and a third-party
28 loan servicer.

29 (6) Reallocating amounts repaid by scholarship
30 recipients under section 2006-K(d) to fund additional

1 scholarship awards and emergency grants.

2 (7) Preparing reports and compiling program data as
3 requested by the department in a form and manner as
4 prescribed by the department.

5 (8) Coordinating with the institutions and the
6 department on the administration of the program.

7 (9) Collaborating with the department and institutions
8 on outreach to promote the program.

9 (10) Performing other responsibilities needed for the
10 administration of the program as determined by the
11 department.

12 Section 2005-K. Duties of institutions.

13 (a) Coordinate administration.--The institutions shall
14 coordinate with the State system in the administration of the
15 program.

16 (b) Duties.--The institutions shall have the following
17 powers and duties:

18 (1) Determining whether an individual qualifies as an
19 eligible student under section 2006-K.

20 (2) Determining the amount of the scholarship award or
21 emergency grant for which an eligible student qualifies.

22 (3) Preparing a financial need analysis for each
23 eligible student using the FAFSA or another institutional
24 form approved by the department.

25 (4) Counseling eligible students about the requirements
26 of the program, including the conditions of repayment.

27 (5) Making required refunds to the State system under
28 section 2007-K.

29 (6) Collaborating with the department and the State
30 system on outreach to promote the program.

1 (7) Confirming standards of academic progress for
2 scholarship recipients.

3 (8) Performing other program duties and responsibilities
4 as determined by the department or State system.

5 Section 2006-K. Qualifications of scholarship recipients.

6 (a) Qualifications.--To receive a scholarship award, a
7 scholarship recipient must meet the following qualifications:

8 (1) Graduate from high school or earn a general
9 educational development (GED) diploma or equivalent.

10 (2) Receive acceptance and matriculate at an
11 institution.

12 (3) Once enrolled at an institution, work toward the
13 eligible student's first undergraduate baccalaureate degree.

14 (4) Maintain full-time enrollment per semester.

15 (5) Complete the FAFSA.

16 (6) Have a household income of no more than 400% of the
17 Federal poverty level for a family of four as specified in
18 poverty guidelines issued annually by the United States
19 Department of Health and Human Services.

20 (7) Have received a scholarship award under the program
21 for less than eight full-time semesters.

22 (8) Maintain standards of academic progress as
23 determined by the department.

24 (b) Renewal requirements.--For a scholarship recipient to
25 receive a renewal of a scholarship award, the scholarship
26 recipient shall:

27 (1) Complete the FAFSA or an institution's equivalent
28 annually.

29 (2) Have a household income of no more than 400% of the
30 Federal poverty level for a family of four as specified in

1 poverty guidelines issued annually by the United States
2 Department of Health and Human Services.

3 (3) Maintain full-time enrollment per semester in an
4 undergraduate degree program at an institution for a period
5 not exceeding more than eight full-time semesters.

6 (4) Complete at least 24 credits per academic year.

7 (c) Scholarship agreement.--An eligible student shall enter
8 into a scholarship agreement and promissory note with an
9 institution for each year the eligible student receives a
10 scholarship award.

11 (d) Repayment.--A scholarship recipient shall repay the full
12 amount of the scholarship award received at an interest rate
13 established by the department if the scholarship recipient fails
14 to:

15 (1) Satisfy all degree and other requirements of the
16 institution.

17 (2) Satisfy the requirements of subsection (a), (b) or
18 (c).

19 (3) Except as provided under subsection (e), reside in
20 the Commonwealth for a period of one year for each full or
21 partial academic year the scholarship recipient received a
22 scholarship award. The requirement under this paragraph shall
23 commence upon completion of an undergraduate degree program
24 or upon termination of enrollment at an institution,
25 whichever occurs first. If a scholarship recipient transfers
26 from one institution to another institution, the transfer
27 shall not be considered as a termination of enrollment.

28 (4) Remain continuously enrolled at an institution until
29 completion of an undergraduate degree.

30 (5) Complete an undergraduate baccalaureate degree

1 program at an institution within six years of the initial
2 scholarship award.

3 (e) Residency requirement.--Notwithstanding subsection (d)
4 (3), the Commonwealth residency requirement may be deferred
5 under the following circumstances:

6 (1) Enrollment on a full-time basis in a graduate degree
7 program within six months of receipt of an undergraduate
8 degree from an institution. An individual shall be required
9 to provide the State system with documentation of the
10 individual's continual status as a graduate student on a
11 half-time basis. The residency requirement under subsection
12 (d) (3) shall commence six months after termination of
13 enrollment on a full-time basis in a graduate degree program
14 located outside the Commonwealth.

15 (2) Other extenuating circumstances as determined by the
16 department.

17 (f) Residency waiver.--Subsection (d) (3) shall not apply to
18 the following circumstances:

19 (1) Death of the scholarship recipient.

20 (2) Determination of permanent and total disability of
21 the scholarship recipient.

22 (3) Enlistment in the United States Armed Forces or the
23 Pennsylvania National Guard.

24 (4) Other extenuating circumstances described in
25 regulations promulgated by the department.

26 (g) Address change.--A scholarship recipient shall inform
27 the State system of a change in the scholarship recipient's
28 permanent address within 30 days of relocation.

29 (h) Repayment of emergency grants.--There shall be no
30 obligation for a scholarship recipient to repay an emergency

1 grant.

2 Section 2007-K. Refunding by institution.

3 An institution shall refund the State system when a
4 scholarship recipient disenrolls from the institution during the
5 institution's full refund drop period no later than the
6 beginning of the next academic year or one year after the year
7 during which the eligible student was enrolled.

8 Section 2008-K. Need-based eligibility tiers.

9 (a) Priority of awards.--The State system and institutions
10 shall use the following need-based priority ranking when
11 awarding scholarships to eligible students:

12 (1) First priority shall be given to students who have
13 household income of up to 200% of the Federal poverty level
14 for a family of four as specified in poverty guidelines
15 issued annually by the United States Department of Health and
16 Human Services.

17 (2) Second priority shall be given to students who have
18 household income of up to 300% of the Federal poverty level
19 for a family of four as specified in poverty guidelines
20 issued annually by the United States Department of Health and
21 Human Services.

22 (3) Third priority shall be given to students who have
23 household income of up to 400% of the Federal poverty level
24 for a family of four as specified in poverty guidelines
25 issued annually by the United States Department of Health and
26 Human Services.

27 (b) Order of financial aid.--An institution shall apply the
28 financial aid received by an eligible student in the following
29 order:

30 (1) Federal Pell Grant or any successor program.

- 1 (2) Pennsylvania State grants.
- 2 (3) Institutional aid.
- 3 (4) Private scholarships.
- 4 (5) Scholarship awards under the program.
- 5 (6) Federal work study.
- 6 (7) Federal student loans.

7 (c) Base amount of awards.--The base amount of a scholarship
8 award for each of the priority tiers in subsection (a) shall be
9 determined annually by the department.

10 (d) Application of award.--The scholarship award shall be
11 first applied against the direct charges at the institution
12 which includes tuition, fees and room and board owed by a
13 scholarship recipient to the institution. Remaining scholarship
14 award funds may be used by the scholarship recipient for other
15 costs of attendance.

16 (e) Maximum award.--A scholarship award may not exceed the
17 cost of attendance after all other financial aid has been
18 applied to a scholarship recipient's account.

19 (f) Emergency grants.--Emergency grants shall be awarded to
20 eligible students by the State system upon the recommendation of
21 an institution's designated financial aid officer. The State
22 system may award an eligible student an emergency grant if the
23 eligible student:

24 (1) Has received a scholarship award under the program.

25 (2) Appeals to the financial aid office of an
26 institution for emergency funding for costs of attendance or
27 other costs established by the department.

28 (3) Requests an amount that does not exceed the base
29 amount for emergency grants set during the academic year.

30 (g) Award term limitations.--The term of a scholarship award

1 may not exceed six continuous academic years absent extenuating
2 circumstances established by the department.

3 Section 2009-K. Miscellaneous provisions.

4 (a) Penalty.--An individual who knowingly or intentionally
5 procures, obtains or aids another to procure or obtain a
6 scholarship award or emergency grant under this article through
7 fraudulent means shall be disqualified from participation in the
8 program and shall be liable to the State system for an amount
9 equal to three times the amount awarded.

10 (b) Award money not taxable income.--Scholarship awards and
11 emergency grants received by a scholarship recipient shall not
12 be considered taxable income for purposes of Article III of the
13 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
14 of 1971.

15 (c) Subject to the Pennsylvania Code.--The provisions of
16 this article shall be subject to 22 Pa. Code Ch. 121 (relating
17 to student financial aid).

18 Section 2. The Secretary of Education shall transmit notice
19 of the establishment of the Nellie Bly Scholarship Program
20 Restricted Account to the Legislative Reference Bureau for
21 publication in the Pennsylvania Bulletin.

22 Section 3. This act shall take effect as follows:

- 23 (1) This section shall take effect immediately.
24 (2) Section 2 of this act shall take effect immediately.
25 (3) The remainder of this act shall take effect after
26 publication of the notice required under section 2 of this
27 act.