

SENATE COMMITTEE AMENDMENTS

2016 Regular Session

Amendments proposed by Senate Committee on Education to Original Senate Bill No. 307
by Senator Morrish

1 AMENDMENT NO. 1

2 On page 1, line 2, after "reenact", delete the remainder of the line, delete line 3, and insert
3 "R.S. 17:3021, 3023, 3023.1(C), (D), and (E), 3023.3, 3023.4(A), 3023.6, 3023.7, 3023.8,
4 3024, 3024.1, 3024.2, 3031, and 3093(A) and (B), and R.S. 36:651(BB), and to repeal R.S.
5 17:3022, 3023.9, 3025, and 3035, relative to the Louisiana Student"

6 AMENDMENT NO. 2

7 On page 1, delete lines 9 through 17, and on page 2, delete lines 1 through 22, and insert the
8 following:

9 "Section 1. R.S. 17:3021, 3023, 3023.1(C), (D), and (E), 3023.3, 3023.4(A), 3023.6,
10 3023.7, 3023.8, 3024, 3024.1, 3024.2, 3031, and 3093(A) and (B) are hereby amended and
11 reenacted to read as follows:

12 §3021. ~~Louisiana Student Financial Assistance Commission~~ **Student financial**
13 **assistance; Board of Regents**

14 ~~There is hereby created the Louisiana Student Financial Assistance~~
15 ~~Commission. Any reference to the Governor's Special Commission on Education~~
16 ~~Services in law or in any rule or regulation shall be deemed to apply to the Louisiana~~
17 ~~Student Financial Assistance Commission. The purpose of such commission is to~~
18 **The Board of Regents shall** supervise, control, direct, and administer state and
19 federal programs to provide loans to assist persons in meeting the expenses of higher
20 education, and state and federal scholarship programs for higher education in
21 accordance with the provisions of this Chapter.

22 §3023. Powers and duties

23 A. The ~~Louisiana Student Financial Assistance Commission~~ **board** may:

24 (1) Guarantee the loan of money to lending agencies ~~and/or~~ **and** any holders
25 of such loans, subject to the requirement of R.S. 17:3023.4 and upon such other
26 terms and conditions as the ~~commission~~ **board** may prescribe, for persons attending
27 or planning to attend institutions of higher education to assist them in meeting their
28 expenses of higher education, including graduate, professional, vocational, business,
29 or technical education.

30 (2)(a) Pay to the lending agencies ~~and/or~~ **and** any holders of such loans the
31 interest as prescribed in R.S. 17:3023.4, on loans made to students, as long as the
32 student is enrolled in any institution of higher learning approved by the ~~commission~~
33 **board**, or for not in excess of three years during which the borrower is in the active
34 military service of the United States.

35 (b) When federal funds are available to refund the ~~commission~~ **board** for
36 payment of interest on student loans, periodic installment payments of principal may
37 be delayed, and interest may accrue and may be paid during any period:

38 (i) Not in excess of three years during which the borrower is a member of the
39 armed forces of the United States.

40 (ii) Not in excess of three years during which the borrower is in service as
41 a volunteer under the Peace Corps Act.

42 (iii) Not in excess of three years during which the borrower is in service as
43 a volunteer under Title VIII of the Economic Opportunity Act of 1964.

44 (3) Operate in the other capacities permitted by federal law and regulation
45 in the Title IV student financial assistance programs administered by the
46 commission.

1 (4) Reject or take or hold and administer, on behalf of the **commission board**
 2 and for any of its purposes, real property, personal property, and monies, or any
 3 interest therein, and the income therefrom, either absolutely or in trust, for any
 4 purpose of the **commission board**. The **commission board** may invest its funds in
 5 any investments in which funds of the state employees retirement system may be
 6 invested pursuant to R.S. 11:517. The **commission board** may acquire property or
 7 monies for its purposes by the acceptance of gifts, grants, appropriations, bequests,
 8 devises, or loans.

9 (5) Enter into such contracts, as may be desirable, with institutions of higher
 10 education, upon such terms as may be agreed upon between the **commission board**
 11 and the institution, to provide for the administration by such institution of any loan
 12 or loan plan guaranteed by the **commission board**, including but not limited to
 13 applications therefor and repayment thereof.

14 (6) Enter into contracts with any bank or other lending agency ~~and/or~~ **and**
 15 any holder of such loan upon such terms as may be agreed upon between the
 16 **commission board** and the bank or other lending agency or holder, to provide for the
 17 administration by such bank or other lending agency or holder, of any loan or loan
 18 plan guaranteed by the commission including but not limited to applications therefor
 19 and terms of repayment thereof, and to establish the conditions for payment by the
 20 **commission board** to the bank or other lending agency ~~and/or~~ **and** the holder of the
 21 guarantee on any loan. A loan shall be defaulted when the bank or other lending
 22 agency ~~and/or~~ **and** holder makes application to the **commission board** for payment
 23 on the loan stating that such loan is in default in accordance with the terms of a
 24 contract executed under this Paragraph.

25 (7) Sue and be sued in the name of the **commission board**.

26 (8) Collect loans guaranteed by the **commission board** on which the
 27 **commission board** has met its guarantee obligations.

28 (9) Adopt rules and regulations in accordance with the provisions of the
 29 Administrative Procedure Act, not inconsistent with the provisions of this Chapter,
 30 governing the guarantee, disbursement, ~~and/or~~ **and** servicing of loans made by the
 31 **commission board**, and governing any other matters relating to the activities of the
 32 **commission board**. Such rules and regulations shall include procedures for the
 33 denial of licenses, permits, and certificates required by the state to practice or engage
 34 in a trade, occupation, or profession to applicants and renewal applicants in default
 35 on the repayment of loans guaranteed by the **commission board**, for the conditional
 36 issuance or renewal of such a license, permit, or certificate pending an applicant's
 37 compliance with loan repayment requirements, and for other matters necessary to
 38 implement the provisions of R.S. 37:2951.

39 (10) Perform such other acts as may be necessary or appropriate to carry out
 40 effectively the objects and purposes of ~~the commission~~ **this Chapter**.

41 (11) Notwithstanding any other provisions of law, enter into agreements with
 42 the United States Department of Education and other public or private entities for
 43 any purpose related to the administration of student financial assistance programs
 44 pursuant to the Higher Education Act of 1965, 20 U.S.C. 1070 et seq., as amended
 45 or as hereafter amended.

46 (12) Define, for the purposes of this Chapter, the meaning of "Louisiana
 47 residency".

48 B. In addition to any other powers and duties authorized by this Section for
 49 the ~~Louisiana Student Financial Assistance Commission,~~ **the commission board**
 50 shall establish an internal audit function and shall establish an office of the chief
 51 audit executive who shall be responsible for ensuring that the internal audit function
 52 adheres to the Institute of Internal Auditors, International Standards for the
 53 Professional Practice of Internal Auditing. The chief audit executive shall maintain
 54 organizational independence in accordance with these standards and shall have direct
 55 and unrestricted access to the **commission board**. The chief audit executive shall
 56 annually certify to the **commission board** that the internal audit function conforms
 57 to the Institute of Internal Auditors, International Standards for the Professional
 58 Practice of Internal Auditing.

1 §3023.1. Credit unions, savings and loan associations, schools and insurance
2 companies as lending agencies

3 * * *

4 C. Savings and loan associations in Louisiana shall be empowered to make
5 student loans guaranteed by the ~~commission~~ **board** up to five percent of their assets
6 in accordance with the provisions of any federal law relating to federally insured
7 student loan programs.

8 D. Postsecondary schools in Louisiana shall be empowered to make student
9 loans guaranteed by the ~~commission~~ **board** in accordance with the provisions of the
10 Federal Higher Education Act of 1965 as amended or as hereafter amended.

11 E. Insurance companies domiciled, licensed, or registered to do business and
12 subject to examination and supervision by an agency of the state shall be empowered
13 to make student loans guaranteed by the ~~commission~~ **board** pursuant to the
14 provisions of applicable state laws and the provisions of the Federal Higher
15 Education Act of 1965, as amended or hereafter amended.

16 §3023.3. Loan of reserve funds

17 The ~~Louisiana Student Financial Assistance Commission~~ is empowered to
18 **board may** authorize the granting of guaranteed student loans made pursuant to the
19 provisions of this Chapter out of reserve funds ~~of said commission~~ **available to the**
20 **board for such purpose**, and shall have the authority to **may** sell or discount, or
21 both, ~~said~~ **such** loans to banks, credit unions, and other authorized lending
22 institutions, at such consideration and upon such terms as may be agreed upon by the
23 ~~commission~~ **board**.

24 §3023.4. Student loan guarantees

25 A. Notwithstanding any other provisions of law, the ~~Louisiana Student~~
26 ~~Financial Assistance Commission~~ is hereby authorized to **board may** guarantee
27 loans made to students attending or planning to attend institutions of higher
28 education, including graduate, professional, vocational, business, or technical
29 education, subject to the conditions, limitations, reinsurance provisions and in
30 accordance with the terms and provisions of and within the amounts established by
31 20 U.S.C. §1071 et seq., or in accordance with the provisions of any federal law or
32 regulations relating to student loan guarantee or insurance programs, provided that
33 the aggregate value of all loans guaranteed and outstanding at any one time shall not
34 exceed fifteen times the total value of funds, investments, properties, and other assets
35 ~~of the commission~~ **available to the board for such purpose**, except that this
36 guarantee may be further expanded by use of federal credit.

37 * * *

38 §3023.6. Age does not bar loan

39 Any person otherwise qualifying for a loan guaranteed by the ~~Louisiana~~
40 ~~Student Financial Assistance Commission~~ **board** shall not be disqualified by reason
41 of his being under the age of twenty-one, and for the purpose of applying for,
42 receiving, and repaying such a loan, any such person, notwithstanding the provisions
43 of any law to the contrary, shall be deemed to have full legal capacity to act and shall
44 have all the rights, powers, privileges, and obligations of a person of full age with
45 respect thereto.

46 §3023.7. Tax exemption

47 All property and income of the ~~Louisiana Student Financial Assistance~~
48 ~~Commission~~ **board** used exclusively for the purposes of this Chapter shall be exempt
49 from all taxes and assessments.

50 §3023.8. Examination by commissioner of financial institutions

51 The ~~Louisiana Student Financial Assistance Commission~~ shall be **board in**
52 **its actions pursuant to this Chapter is** subject to examination by the commissioner
53 of financial institutions, but shall not be deemed to be a banking organization nor be

1 required to pay a fee for any such supervision or examination. The ~~commission~~
2 **board** shall make an annual report of its condition to the governor, the legislature,
3 and the commissioner of financial institutions on or before June 30 ~~thirtieth~~.

4 §3024. Acceptance and use of funds

5 The ~~Louisiana Student Financial Assistance Commission~~ **board** shall accept
6 any contributions or subsidies made to it from state funds and shall use the funds to
7 meet administrative expenses for any of its purposes and to provide a reserve fund
8 to guarantee loans made pursuant to the provisions of this Chapter and to pay interest
9 on guaranteed loans, as provided by R.S. 17:3023.

10 §3024.1. Student loans as security for deposit of public funds

11 Notes representing loans to students which are guaranteed by this
12 **commission board** in accordance with a contract agreement under the provisions of
13 this Chapter, may be pledged as collateral security for deposit of public funds as
14 required in R.S. 39:403 and R.S. 39:1221.

15 §3024.2. Appropriation for guaranteed student loan program

16 The legislature shall annually appropriate sufficient funds to pay those
17 eligible claims resulting from the guarantee of student loans by the ~~Louisiana~~
18 ~~Student Financial Assistance Commission~~ **board** under this Chapter, but only to the
19 extent that anticipated federal reinsurance or reimbursement payments pursuant to
20 20 U.S.C. §1071 et seq., and any other monies available to the ~~Louisiana Student~~
21 ~~Financial Assistance Commission~~ **board** for such purpose are insufficient to pay
22 such claims.

23 §3031. State student incentive grant; federal participation

24 A. The ~~Louisiana Student Financial Assistance Commission~~ is empowered
25 to ~~board may~~ **board may** administer the state student incentive grant program for student
26 financial aid as provided in Title IV of the Federal Higher Education Act, as
27 amended, and to prescribe appropriate rules and regulations applicable thereto. The
28 ~~commission is authorized to~~ **board may** enter into contracts or agreements with the
29 federal government for their financial participation in the program on such terms and
30 conditions as may be agreed upon by the **commission board**.

31 B. The ~~commission is authorized to~~ **board may** implement a program to
32 train and further acquaint administrators of financial aid and assistance with the
33 federal and state programs of student financial aid, pursuant to the Federal Higher
34 Education Act as amended by ~~Public Law 94-482~~. The **commission board** shall
35 design and develop this program in consultation with the statewide financial aid
36 administrators association. The **commission board** may provide appropriate rules
37 and regulations in order to execute this provision. The ~~commission is authorized to~~
38 **board may** enter into contracts or agreements with the federal government for ~~their~~
39 **its** financial participation in the program on such terms and conditions as may be
40 agreed upon by the **commission board**.

41 * * *

42 AMENDMENT NO. 3

43 On page 3, line 3, between "education" and "shall" insert "or his designee"

44 AMENDMENT NO. 4

45 On page 3, between lines 15 and 16, insert the following:

46 "(e) The commissioner of higher education or his designee."

47 AMENDMENT NO. 5

48 On page 4, delete line 5, and insert the following:

49 "Section 2. R.S. 36:651(BB) is hereby amended and reenacted to read as follows:

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§651. Transfer of boards, commissions, departments, and agencies to Department of Education; boards, commissions, and agencies within Department of Education

* * *

BB. The Louisiana Student Financial Assistance Commission (R.S. 17:3021 et seq.) is **hereby abolished and its powers, duties, functions and responsibilities are hereby transferred to** placed within the Board of Regents and shall exercise and perform its powers, duties, functions, and responsibilities in the manner provided for agencies transferred in accordance with the provisions of R.S. 36:801.1. **All reference in law to the Louisiana Student Financial Assistance Commission shall refer to the Board of Regents.**

* * *

Section 3. R.S. 17:3022, 3023.9, 3025, and 3035 are hereby repealed."

AMENDMENT NO. 6

On page 4, at the beginning line 6, change "Section 3." to "Section 4."