

2016 Regular Session

SENATE BILL NO. 307

BY SENATOR MORRISH

POSTSECONDARY ED. Provides relative to the Louisiana Student Financial Assistance Commission and the Louisiana Tuition Trust Authority. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 17:3021, 3023, 3023.1(C), (D), and (E), 3023.3, 3023.4(A),
3 3023.6, 3023.7, 3023.8, 3024, 3024.1, 3024.2, 3031, and 3093(A) and (B), and R.S.
4 36:651(BB), and to repeal R.S. 17:3022, 3023.9, 3025, and 3035, relative to the
5 Louisiana Student Financial Assistance Commission and the Louisiana Tuition Trust
6 Authority; to abolish the commission and transfer the powers, duties, and functions
7 of the commission and the trust authority to the Board of Regents; and to provide for
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

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

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

15 ~~There is hereby created the Louisiana Student Financial Assistance~~
16 ~~Commission. Any reference to the Governor's Special Commission on Education~~
17 ~~Services in law or in any rule or regulation shall be deemed to apply to the Louisiana~~

1 ~~Student Financial Assistance Commission. The purpose of such commission is to~~
2 **The Board of Regents shall** supervise, control, direct, and administer state and
3 federal programs to provide loans to assist persons in meeting the expenses of higher
4 education, and state and federal scholarship programs for higher education in
5 accordance with the provisions of this Chapter.

6 §3023. Powers and duties

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

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

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

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

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

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

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

28 (3) Operate in the other capacities permitted by federal law and regulation in
29 the Title IV student financial assistance programs administered by the 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,

1 governing the guarantee, disbursement, ~~and/or~~ **and** servicing of loans made by the
2 ~~commission~~ **board**, and governing any other matters relating to the activities of the
3 ~~commission~~ **board**. Such rules and regulations shall include procedures for the
4 denial of licenses, permits, and certificates required by the state to practice or engage
5 in a trade, occupation, or profession to applicants and renewal applicants in default
6 on the repayment of loans guaranteed by the ~~commission~~ **board**, for the conditional
7 issuance or renewal of such a license, permit, or certificate pending an applicant's
8 compliance with loan repayment requirements, and for other matters necessary to
9 implement the provisions of R.S. 37:2951.

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

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

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

19 B. In addition to any other powers and duties authorized by this Section for
20 the ~~Louisiana Student Financial Assistance Commission~~, ~~the commission~~ **board**
21 shall establish an internal audit function and shall establish an office of the chief
22 audit executive who shall be responsible for ensuring that the internal audit function
23 adheres to the Institute of Internal Auditors, International Standards for the
24 Professional Practice of Internal Auditing. The chief audit executive shall maintain
25 organizational independence in accordance with these standards and shall have direct
26 and unrestricted access to the ~~commission~~ **board**. The chief audit executive shall
27 annually certify to the ~~commission~~ **board** that the internal audit function conforms
28 to the Institute of Internal Auditors, International Standards for the Professional
29 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 ~~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

1 accordance with the terms and provisions of and within the amounts established by
 2 20 U.S.C. §1071 et seq., or in accordance with the provisions of any federal law or
 3 regulations relating to student loan guarantee or insurance programs, provided that
 4 the aggregate value of all loans guaranteed and outstanding at any one time shall not
 5 exceed fifteen times the total value of funds, investments, properties, and other assets
 6 ~~of the commission~~ **available to the board for such purpose**, except that this
 7 guarantee may be further expanded by use of federal credit.

8 * * *

9 §3023.6. Age does not bar loan

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

17 §3023.7. Tax exemption

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

21 §3023.8. Examination by commissioner of financial institutions

22 The ~~Louisiana Student Financial Assistance Commission~~ shall be **board in**
 23 **its actions pursuant to this Chapter is** subject to examination by the commissioner
 24 of financial institutions, but shall not be deemed to be a banking organization nor be
 25 required to pay a fee for any such supervision or examination. The ~~commission~~
 26 **board** shall make an annual report of its condition to the governor, the legislature,
 27 and the commissioner of financial institutions on or before June 30 **thirtieth**.

28 §3024. Acceptance and use of funds

29 The ~~Louisiana Student Financial Assistance Commission~~ **board** shall accept

1 any contributions or subsidies made to it from state funds and shall use the funds to
2 meet administrative expenses for any of its purposes and to provide a reserve fund
3 to guarantee loans made pursuant to the provisions of this Chapter and to pay interest
4 on guaranteed loans, as provided by R.S. 17:3023.

5 §3024.1. Student loans as security for deposit of public funds

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

10 §3024.2. Appropriation for guaranteed student loan program

11 The legislature shall annually appropriate sufficient funds to pay those
12 eligible claims resulting from the guarantee of student loans by the ~~Louisiana~~
13 ~~Student Financial Assistance Commission~~ **board** under this Chapter, but only to the
14 extent that anticipated federal reinsurance or reimbursement payments pursuant to
15 20 U.S.C. §1071 et seq., and any other monies available to the ~~Louisiana Student~~
16 ~~Financial Assistance Commission~~ **board** for such purpose are insufficient to pay
17 such claims.

18 §3031. State student incentive grant; federal participation

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

26 B. The ~~commission is authorized to~~ **board may** implement a program to train
27 and further acquaint administrators of financial aid and assistance with the federal
28 and state programs of student financial aid, pursuant to the Federal Higher Education
29 Act as amended by ~~Public Law 94-482~~. The ~~commission~~ **board** shall design and

1 develop this program in consultation with the statewide financial aid administrators
 2 association. The ~~commission~~ **board** may provide appropriate rules and regulations
 3 in order to execute this provision. The ~~commission is authorized to~~ **board may** enter
 4 into contracts or agreements with the federal government for ~~their~~ **its** financial
 5 participation in the program on such terms and conditions as may be agreed upon by
 6 the ~~commission~~ **board**.

7 * * *

8 §3093. Louisiana Tuition Trust Authority; creation; powers

9 A. There is hereby created the Louisiana Tuition Trust Authority, which
 10 **under the authority of the Board of Regents**, shall have the powers enumerated
 11 in this Chapter.

12 B.(1) The Louisiana Tuition Trust Authority shall consist of the ~~Louisiana~~
 13 ~~Student Financial Assistance Commission~~ **Board of Regents**, except as modified by
 14 Paragraph (2) of this Subsection, and hereinafter shall be referred to as the authority.
 15 The authority shall operate under the same laws, rules, and guidelines and with the
 16 same officer selection and employment policies as the commission, except when
 17 inconsistent with this Chapter. **The commissioner of higher education or his**
 18 **designee shall serve as ex officio chairman of the authority.**

19 (2) The membership of the authority shall consist of the following persons:

20 (a) The members of the Louisiana ~~Student Financial Assistance Commission~~
 21 ~~exclusive of the two persons appointed by the governor from names submitted by the~~
 22 ~~Louisiana Bankers' Association~~ **Board of Regents**.

23 (b) An officer of a bank in Louisiana who is a member of the Louisiana
 24 Bankers' Association and who is nominated by the association and appointed by the
 25 governor.

26 (c) One member of the House of Representatives appointed by the speaker
 27 and one member of the Senate appointed by the president.

28 (d) The state treasurer who shall be an ex officio voting member of the
 29 authority.

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

(3) The authority shall meet at least annually at the call of the chairman and at such other times as the chairman or the authority determines necessary. The ~~authority~~ **chairman** may establish and delegate to an executive committee such duties and responsibilities as the authority determines appropriate, except that the authority may not delegate to the executive committee the final determination of the rate of interest to be paid on education savings accounts of record at the close of the calendar year. Upon such delegation, the executive committee shall have the authority to act pursuant to such delegation without further approval or action by the authority.

(4) A majority of the authority shall constitute a quorum of the authority, and the affirmative vote of a majority of the members present shall be necessary for any action taken by the authority. A majority of the executive committee shall constitute a quorum of the executive committee, and the affirmative vote of a majority of the executive committee members present shall be necessary for any action taken by the executive committee. No vacancy in the membership of the authority or the executive committee shall impair the rights of a quorum to exercise all rights and perform all duties of the authority or the executive committee respectively.

* * *

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

§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**~~

1 **reference in law to the Louisiana Student Financial Assistance Commission**
2 **shall refer to the Board of Regents.**

3 * * *

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

5 Section 4. This Act shall become effective upon signature by the governor or, if not
6 signed by the governor, upon expiration of the time for bills to become law without signature
7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
8 vetoed by the governor and subsequently approved by the legislature, this Act shall become
9 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Cheryl Serrett.

DIGEST

SB 307 Engrossed

2016 Regular Session

Morrish

Proposed law abolishes the Louisiana Student Financial Assistance Commission and transfers the powers, duties, and functions of the commission and the Louisiana Tuition Trust Authority to the Board of Regents.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 17:3021, 3023, 3023.1(C), (D), and (E), 3023.3, 3023.4(A), 3023.6, 3023.7, 3023.8, 3024, 3024.1, 3024.2, 3031, and 3093(A) and (B), and R.S. 36:651(BB); repeals R.S. 17:3022, 3023.9, 3025, and 3035)