

Budget 4/5 Do Pass
4/24 Do Pass per 6612 5/29 (p. 2463)

FILED APR 5 1978

SENATE FILE 7228

By COMMITTEE ON EDUCATION

Passed Senate, Date 4-21-78 (p. 266) Passed House, Date 5-11-78 (p. 2473)

Vote: Ayes 40 Nays Vote: Ayes 50 Nays 3

Approved 6-26-78

Repassed Senate per House Amendment 5895
5-11-78 (p. 1458)
44-0

A BILL FOR

664: 1 An Act providing for a guaranteed student loan program, changing
2 the name of the higher education facilities commission and
3 increasing its membership by two members and making an
4 appropriation.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section eighty B point six (80B.6), subsection
2 six (6), Code 1977, is amended to read as follows:

3 6. One member from the higher education ~~facilities~~ commis-
4 sion for a term of four years commencing on August 15, 1974.
5 This member shall be the commissioner who represents the
6 private colleges.

7 Sec. 2. Section two hundred sixty-one point one (261.1),
8 unnumbered paragraph one (1), Code 1977, is amended to read
9 as follows:

10 There is hereby created a commission to be known as the
11 "Higher Education ~~Facilities~~ Commission" of the state of Iowa.
12 Membership of the commission shall be as follows:

13 Sec. 3. Section two hundred sixty-one point one (261.1),
14 subsection six (6), Code 1977, is amended to read as follows:

15 6. ~~Four~~ Six additional members to be appointed by the
16 governor. One of such members shall be selected to represent
17 private colleges, private universities and private junior
18 colleges located in the state of Iowa. When appointing such
19 one member, the governor shall give careful consideration
20 to any person or persons nominated or recommended by any
21 organization or association of some or all private colleges,
22 private universities and private junior colleges located in
23 the state of Iowa. One such member shall be enrolled as a
24 student at a board of regents institution, merged area school,
25 or accredited private institution. One such member shall
26 be a representative of a lending institution located in this
27 state. The other three such members, none of whom shall be
28 official board members or trustees of an institution of higher
29 learning or of an association of such institutions, shall
30 be selected to represent the general public.

31 Sec. 4. Section two hundred sixty-one point two (261.2),
32 subsection five (5), unnumbered paragraph two (2), Code 1977,
33 is amended to read as follows:

34 Said fund shall be allotted to students for not more than
35 three years of study and shall be in the nature of a loan.

1 Such loan shall have as one of its terms that fifty percent
2 thereof shall be canceled at the end of five years of the
3 general practice in Iowa with an additional ten percent to
4 be canceled each year thereafter until the entire loan may
5 be canceled. No interest shall be charged on any part of
6 the loan thus canceled. Additional terms and conditions of
7 said loan shall be established by the higher education
8 ~~facilities~~ commission so as to facilitate the purpose of this
9 section.

2612 }

2624 }

10 Sec. 5. Section two hundred sixty-one point nine (261.9),
11 subsection six (6), Code 1977, is amended to read as follows:

2612-

12 6. "Commission" means the higher education ~~facilities~~
13 commission.

14 Sec. 6. Section two hundred sixty-one point fifteen
15 (261.15), unnumbered paragraph one (1), Code 1977, is amended
16 to read as follows:

17 The ~~higher-education-facilities~~ commission shall administer
18 this program and shall:

19 Sec. 7. Section two hundred sixty-one point seventeen
20 (261.17), subsection six (6), unnumbered paragraph one (1),
21 Code 1977, is amended to read as follows:

22 The ~~higher-education-facilities~~ commission shall administer
23 this program and shall:

24 Sec. 8. Section two hundred sixty-one point eighteen
25 (261.18), Code 1977, is amended to read as follows:

26 261.18 SUBVENTION PROGRAM.

27 1. There is established a subvention program for resident
28 students who are enrolled in the college of osteopathic
29 medicine and surgery of Des Moines, Iowa. The subvention
30 program shall be administered by the ~~higher-education~~
31 ~~facilities~~ commission in the manner provided in this section
32 and section 261.19.

33 2. In making a final determination of who is a resident
34 of Iowa, the ~~higher-education-facilities~~ commission shall
35 adopt rules for the academic year commencing in 1976 and for

1 each academic year thereafter consistent with those followed
2 for determining Iowa resident students in section 261.15 and
3 be subject to the provisions of chapter 17A.

4 Sec. 9. Section two hundred sixty-one point nineteen
5 (261.19), Code 1977, is amended to read as follows:

6 261.19 PAYMENT OF SUBVENTION. The registrar of the college
7 of osteopathic medicine and surgery shall file, not later
8 than August ~~1~~ first of each year, a certificate of enrollment
9 which shall include the number, names and addresses of all
10 students enrolled, by class, and shall indicate which students
11 are resident students. If the number of resident students
12 does not equal thirty percent of the total enrollment of a
13 class, the ~~higher-education-facilities~~ commission shall deduct
14 the sum of twenty thousand dollars for each class member under
15 the required percentage. The ~~higher-education-facilities~~
16 commission shall compute the amount of the subvention and
17 shall transmit the funds to the college of osteopathic medicine
18 and surgery by August ~~15~~ fifteenth of each year for which
19 funds are appropriated by the general assembly.

20 Sec. 10. Section two hundred sixty-one point twenty-five
21 (261.25), subsections one (1), two (2) and three (3), Code
22 1977, are amended to read as follows:

23 1. There is appropriated from the general fund of the
24 state to the ~~higher-education-facilities~~ commission for each
25 fiscal year the sum of ten million dollars for tuition grants.

26 2. There is appropriated from the general fund of the
27 state to the ~~higher-education-facilities~~ commission for each
28 fiscal year the sum of three hundred fifty thousand dollars
29 for scholarships.

30 3. There is appropriated from the general fund of the
31 state to the ~~higher-education-facilities~~ commission for each
32 fiscal year the sum of one hundred fifty thousand dollars
33 for vocational-technical tuition grants.

34 Sec. 11. Section two hundred sixty-one point twenty-six
35 (261.26), Code 1977, is amended to read as follows:

1 261.26 OPTOMETRY SCHOOLS. The ~~higher-education-facilities~~
2 commission shall contract with the proper officials of states
3 which have accredited schools and colleges of optometry for
4 the admission and education of qualified applicants who are
5 domiciliaries of Iowa and who have demonstrated interest,
6 aptitude, and readiness for study in the field of optometry.
7 In making a final determination of who is a domiciliary of
8 Iowa, the ~~higher-education-facilities~~ commission shall adopt
9 rules for the academic year commencing in 1976 and for each
10 academic year thereafter consistent with those followed for
11 determining Iowa resident students in section 261.15 and
12 subject to the provisions of chapter 17A.

13 Sec. 12. Section two hundred sixty-one point twenty-seven
14 (261.27), Code 1977, is amended to read as follows:

15 261.27 CONTRACT FOR RIGHT TO ENTER SCHOOL. In carrying
16 out its duties under the provisions of section 261.26 the
17 ~~higher-education-facilities~~ commission shall contract for
18 the right of not less than ten qualified persons to enter
19 accredited schools and colleges of optometry during the school
20 year commencing in the year 1976. The ~~higher-education~~
21 ~~facilities~~ commission shall initiate an affirmative action
22 program to insure equal opportunity for participation by
23 women, men, and minority students in the program provided
24 for in this section and section 261.26. Funds expended on
25 behalf of each person shall not exceed three thousand dollars
26 during any one fiscal year. The ~~higher-education-facilities~~
27 commission shall make a report regarding its duties under
28 section 261.26 to the legislative fiscal committee at such
29 time as the legislative fiscal committee shall request.

30 Sec. 13. Chapter two hundred sixty-one (261), Code 1977,
31 is amended by adding sections fourteen (14) through twenty-
32 one (21) of this Act as a new division.

33 Sec. 14. NEW SECTION. DEFINITIONS. As used in this divi-
34 sion, unless the context otherwise requires:

35 1. "Commission" means the higher education commission

1 of the state of Iowa.

2 2. "Eligible institution" means any postsecondary
3 educational institution which meets the requirements of the
4 provisions of the Higher Education Act of 1965 for student
5 participation in the federal interest subsidy program and
6 the requirements prescribed by rule of the commission.

7 3. "Eligible lender" means a financial or credit
8 institution, insurance company or other approved lender which
9 meets the standards prescribed by the commission and has
10 executed a lender participation agreement with the commission.

11 4. "Higher Education Act of 1965" means the federal Higher
12 Education Act of 1965, as amended to and including January
13 1, 1978.

14 5. "Eligible student" means a person who is a resident
15 of this state and is enrolled or will be enrolled at an
16 eligible institution within or without the state or who is
17 a nonresident of this state and is enrolled or will be enrolled
18 at an eligible institution within the state and who meets
19 the eligibility requirements established by the commission.
20 The commission shall establish the qualifications for being
21 a resident of this state, however, the qualifications shall
22 not be more stringent than those established by the state
23 board of regents.

24 Sec. 15. NEW SECTION. POWERS. The commission shall have
25 necessary powers to carry out its purposes and duties under
26 this division, including but not limited to the power to:

27 1. Sue and be sued in its own name.

28 2. Incur and discharge debts including the payment of
29 any defaulted loan obligations which have been guaranteed
30 by the commission.

31 3. Make and execute agreements, contracts and other in-
32 struments with any public or private person or agency includ-
33 ing the United States commissioner of education.

34 4. Guarantee loans made by eligible lenders to eligible
35 students who are enrolled or will be enrolled at eligible

1 institutions as at least half-time students as defined by
2 the commission.

3 5. Approve educational institutions as eligible institu-
4 tions upon their meeting the requirements established by the
5 commission.

6 6. Approve financial or credit institutions, insurance
7 companies or other lenders as eligible lenders upon their
8 meeting the standards established by the commission for making
9 guaranteed loans.

10 7. Accept appropriations, gifts, grants, loans or other
11 aid from public or private persons or agencies including the
12 United States commissioner of education.

13 8. Implement various means of encouraging maximum lender
14 participation in the Iowa guaranteed student loan program.

15 9. Invest any funds, including those in the loan reserve
16 account.

17 Sec. 16. NEW SECTION. DUTIES. The duties of the commis-
18 sion under this division shall be as follows:

19 1. To review the Iowa guaranteed student loan program.

20 2. To review and make disposition of all applications
21 for the guarantee of student loans.

22 3. Collect an insurance premium of not more than one
23 percent per annum of the principal amount of any loan
24 guaranteed, beginning with the date of disbursement and ending
25 one year after the date on which the borrower expects to
26 complete the course of study for which the loan was made.
27 Such premium shall be collected by the lender upon the
28 disbursement of the loan and shall be remitted promptly to
29 the commission.

30 4. To enter into all necessary agreements with the United
31 States commissioner of education as may be required for the
32 purpose of receiving full benefit of the state program incen-
33 tives offered pursuant to the Higher Education Act of 1965.

34 5. To promulgate rules pursuant to chapter seventeen A
35 (17A) of the Code to implement the provisions of this division

1 including establishing standards for educational institutions,
2 lenders and individuals to become eligible institutions,
3 lenders and students. The rules and standards established
4 shall be consistent with the requirements provided in the
5 Higher Education Act of 1965.

6 6. To reimburse eligible lenders for one hundred percent
7 of the principal and accrued interest on defaulted loans
8 guaranteed by the commission upon receipt of written notice
9 of such default accompanied by evidence that the lender has
10 exercised the required degree of diligence in efforts to
11 collect the loan.

12 7. To establish an effective system for the collection
13 of delinquent loans.

14 8. To develop and disseminate informational and educa-
15 tional materials to lenders, postsecondary institutions and
16 student borrowers.

17 9. To develop all forms necessary to the proper administra-
18 tion of the guaranteed student loan program and provide
19 supplies of such forms to participating lenders and
20 postsecondary institutions.

21 10. To report annually to the governor and the general
22 assembly on the status of the guaranteed student loan program.

23 11. To implement all possible assistance to eligible
24 lenders for the purpose of easing the workload entailed in
25 participation in the guaranteed student loan program.

26 Sec. 17. NEW SECTION. LOAN RESERVE AND ADMINISTRATIVE
27 ACCOUNTS.

28 1. The commission shall establish a loan reserve account
29 from which any default on a guaranteed student loan shall
30 be paid. The commission shall credit to this account all
31 moneys designated exclusively for the reserve fund by the
32 United States, the state of Iowa or any of their agencies,
33 departments or instrumentalities, as well as any funds ac-
34 cruing to the program which are not required for current ad-
35 ministrative expenses.

1 2. The commission shall establish an administrative account
2 from which the operating costs of the guaranteed student loan
3 program shall be paid. The commission may transfer funds
4 between the reserve and administrative accounts upon approval
5 of the state comptroller. The state comptroller shall deter-
6 mine what is the actuarially sound reserve requirement for
7 the amount of guaranteed loans outstanding.

8 3. The payment of any funds for the default on a guaranteed
9 student loan shall be solely from the loan reserve account.
10 The general assembly shall not be obligated to appropriate
11 any moneys to pay for any defaults or to appropriate any
12 moneys to be credited to the loan reserve account. The
13 commission shall not give or lend the credit of the state
14 of Iowa.

15 4. Funds on deposit in the loan reserve account or in
16 the administrative account shall not revert to the state
17 general fund at the close of any fiscal year.

6422 > 18 Sec. 18. NEW SECTION. TRANSFER OF FUNDS AND ASSETS.

19 All moneys which are to be refunded to the state under the
20 contract with United Student Aid Funds, Incorporated, involving
21 the Iowa guaranteed student loan program in effect prior to
22 the effective date of this Act shall be refunded to the
23 commission and shall be credited to the loan reserve account
24 except those funds which must be repaid to the United States
25 government.

26 All assets and liabilities of the student loan program
27 established pursuant to sections two hundred sixty-one point
28 five (261.5) through two hundred sixty-one point eight (261.8)
29 of the Code and existing on the effective date of this Act
30 shall be assets and liabilities of the Iowa guaranteed student
31 loan program established pursuant to this Act.

32 Sec. 19. NEW SECTION. REPAYMENT OF STATE APPROPRIATIONS.

6327 33 The commission shall repay to the treasurer of state all funds
34 appropriated for the Iowa guaranteed student loan program
35 for the fiscal years 1979, 1980 and 1981. The commission

1 shall repay such funds in any fiscal year only when the funds
2 available are in excess of the amount needed to pay the costs
3 of administering the program and to insure an actuarially
4 sound reserve account for that fiscal year and then only in
5 the amount of the excess funds available.

6 Sec. 20. NEW SECTION. The loan program and the loan re-
7 serve account established by this division shall not be dis-
8 solved until all guaranteed loans have been repaid by the
9 borrower or, if in default, by the commission. Upon
10 dissolution of the loan program, all the property and moneys
11 of the program and in the loan reserve account not owed to
12 the federal government shall be transferred to the state
13 general fund.

14 Sec. 21. NEW SECTION. SHORT TITLE. This division shall
15 be known and may be cited as the Iowa guaranteed student loan
16 program.

17 Sec. 22. Sections two hundred sixty-one point five (261.5)
18 through two hundred sixty-one point eight (261.8), Code 1977,
19 are repealed.

20 Sec. 23. There is appropriated from the general fund of
21 the state to the higher education commission established by
22 section two (2) of this Act the sum of two hundred eighty
23 thousand two hundred nine (280,209) dollars to be used for
24 the following purposes:

25 1978-1979
26 Fiscal Year

27 1. For salaries, support, main-
28 tenance and miscellaneous purposes
29 incurred in administering the Iowa
30 guaranteed student loan program \$100,000

31 2. For matching federal funds \$180,209

32 Funds appropriated by subsection two (2) of this section
33 and matching federal funds shall be credited to the loan re-
34 serve account and shall not revert to the general fund as
35 provided in section eight point thirty-three (8.33) of the

1 Code.

2 Funds appropriated to the higher education facilities
3 commission by any Act of the Sixty-seventh General Assembly,
4 1978 Session, shall be construed to be appropriated to the
5 higher education commission.

6 EXPLANATION

7 This bill changes the name of the Higher Education
8 Facilities Commission to the Higher Education Commission,
9 increases its membership from nine to eleven and provides
10 for a state guaranteed student loan program and makes an
11 appropriation of \$280,209. All assets and liabilities of
12 the previous loan program are to be assets and liabilities
13 of the guaranteed loan program established by this Act.

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SENATE FILE 2228
FISCAL NOTE

Date: April 11, 1978
Requested by: Senator Joan Orr

In compliance with a written request received March 22, 1978, there is hereby submitted a Fiscal Note for Senate File 2228 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Senate File 2228, An Act providing for a state guaranteed student loan program, changing the name of the higher education facilities commission and increasing its membership by two members and making an appropriation.

This bill changes the name of the Higher Education Facilities Commission to the Postsecondary Education Assistance Commission, increases its membership from nine to eleven and provides for a state guaranteed student loan program and makes an appropriation of \$280,209.

<u>Revenue Source</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
State Appropriation	\$280,209	200,000	262,850	-0-
Federal Allocation	180,209	50,000	50,000	50,000
Interest Income on Reserve Fund		16,200	50,300	90,100
Student Insurance Fees		412,500	412,500	412,500
Federal Admin. Allowance			150,000	150,000
Total Revenue	<u>\$460,418</u>	<u>678,700</u>	<u>925,650</u>	<u>702,600</u>
<u>Expenditures</u>				
Total Admin. Expense	\$100,000	200,000	262,850	326,000
Repayment to State Treas.				90,100
Total Expenditures	<u>\$100,000</u>	<u>200,000</u>	<u>262,850</u>	<u>416,100</u>
Remaining Amount to Reserve Fund	<u>\$360,418</u>	<u>478,700</u>	<u>662,800</u>	<u>286,500</u>

Source: HIGHER EDUCATION FACILITIES COMMISSION

FILED
APRIL 11, 1978

DENNIS C. PROUTY
LEGISLATIVE FISCAL BUREAU

SENATE FILE 2228
REVISED FISCAL NOTE

Date: APRIL 13, 1978
REQUESTED BY: SENATOR JOAN ORR

In compliance with a written request received March 22, 19 78, there is hereby submitted a Fiscal Note for Senate File 2228 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Senate File 2228, An Act providing for a guaranteed student loan program, changing the name of the higher education facilities commission and increasing its membership by two members and making an appropriation.

This bill changes the name of the Higher Education Facilities Commission to the Higher Education Commission, increases its membership from nine to eleven and provides for a state guaranteed student loan program and makes an appropriation of \$280,209. All assets and liabilities of the previous loan program are to be assets and liabilities of the guaranteed loan program established by this Act.

Revenue Source	FY 1979	FY 1980	FY 1981	FY 1982
State Appropriation	\$280,209	200,000	262,850	-0-
Federal Allocation	180,209	50,000	50,000	50,000
Interest Income on Reserve Fund		16,200	50,300	90,100
Student Insurance Fees		412,500	412,500	412,500
Federal Admin. Allowance			150,000	150,000
Total Revenue	<u>\$460,418</u>	<u>678,700</u>	<u>925,650</u>	<u>702,600</u>
<u>Expenditures</u>				
Total Admin. Expense	\$100,000	200,000	262,850	326,000
Repayment to State Treas.				90,100
Total Expenditures	<u>\$100,000</u>	<u>200,000</u>	<u>262,850</u>	<u>416,100</u>
Remaining Amount to Reserve Fund	<u>\$360,418</u>	<u>478,700</u>	<u>662,800</u>	<u>286,500</u>

SOURCE: HIGHER EDUCATION FACILITIES COMMISSION

FILED
APRIL 18, 1978

DENNIS C. PROUTY
LEGISLATIVE FISCAL BUREAU

H-6422

- 1 Amend Senate File 2228 as follows:
 2 1. Page 6, by striking lines 15 and 16.
 3 2. Page 8, by inserting after line 17 the
 4 following:
 5 "5. The treasurer of state shall invest any
 6 funds, including those in the loan reserve account,
 7 and the interest income earned shall be credited
 8 back to the loan reserve account."

H-6422 FILED *Adopted 5/11* BY JESSE of Polk
 MAY 1, 1978 *(p. 24)*

SENATE FILE 2228

H-6612

- 1 Amend Senate File 2228, as passed by the Senate,
 2 as follows:
 3 1. Page 1, line 3, by striking the words "higher
 4 education facilities" and inserting in lieu thereof
 5 the words "~~higher-education-facilities~~ college aid".
 6 2. Page 1, line 11, by striking the words "Higher
 7 Education Facilities" and inserting in lieu thereof
 8 the words "~~Higher-Education-Facilities~~ College Aid".
 9 3. Page 1, by inserting after line 30 the follow-
 10 ing new section:
 11 "Sec. ____ . Section two hundred sixty-one point
 12 one (261.1), unnumbered paragraph five (5), Code 1977,
 13 is amended to read as follows:
 14 A vacancy shall exist on the commission when a
 15 legislative member of the commission ceases to be
 16 a member of the general assembly or when a student
 17 member ceases to be enrolled as a student. Such
 18 vacancy shall be filled within thirty days."
 19 4. Page 2, lines 7 and 8, by striking the words
 20 "higher education facilities" and inserting in lieu
 21 thereof the words "~~higher-education-facilities~~ college
 22 aid".
 23 5. Page 2, line 12, by striking the words "higher
 24 education facilities" and inserting in lieu thereof
 25 the words "~~higher-education-facilities~~ college aid".
 26 6. Page 4, line 35, by striking the words "higher
 27 education" and inserting in lieu thereof the words
 28 "college aid".
 29 7. Page 9, line 21, by striking the words "higher
 30 education" and inserting in lieu thereof the words
 31 "college aid".
 32 8. Page 10, line 5, by striking the words "higher
 33 education" and inserting in lieu thereof the words
 34 "college aid".

H-6612 FILED *Adopted 5/11* BY COMMITTEE ON BUDGET
 MAY 10, 1978 *(p. 2470)* CUSACK of Scott, Chair

SENATE FILE 2228

H-6629

- 1 Amend Senate File 2228 as follows:
 2 1. Page 2, by inserting after line 9 the following
 3 new section:
 4 "Sec. ____ . Section two hundred sixty-one point
 5 two (261.2), Code 1977, is amended by adding the
 6 following new subsection:
 7 NEW SUBSECTION. Prepare and administer a state
 8 plan for a state matching program to match federal
 9 funds paid under the GI Bill Improvement Act of 1977
 10 Public Law ninety-five dash two hundred two (P.L.
 11 95-202) to a veteran who is an Iowa resident for the
 12 purpose of repaying any school loans received by such
 13 veteran from the United States veterans
 14 administration."

H-6629 FILED *Adopted 5/11/78* BY BAKER of Buena
 MAY 10, 1978 *Recorded amended by 6640s Adopted (p. 2472)*

SENATE FILE 2228

H-6631

- 1 Amend Senate File 2228, as amended and passed
 2 by the Senate, as follows:
 3 1. Page 8, by striking lines 32 through 35.
 4 2. Page 9, by striking lines 1 through 5.

H-6631 FILED *Adopted 5/11/78* BY VARLEY of Adair
 MAY 10, 1978 *(p. 2471)*

SENATE FILE 2228

H-6640

- 1 Amend H-6629 to Senate File 2228 as follows:
 2 1. Page 1, by striking lines 7 and 8 and
 3 inserting in lieu thereof the following:
 4 "NEW SUBSECTION. Prepare a state plan, complete
 5 with fiscal implications, for a state matching pro-
 6 gram to match federal".

H-6640 FILED *Adopted 5/11/78* BY CUSACK of Scott
 MAY 11, 1978 *(p. 2472)*

SENATE FILE 2228

H-6641

- 1 Amend Senate File 2228 as follows:
 2 1. Title page, line 1, by inserting after the
 3 word "program," the words "a state matching program
 4 to match federal funds paid under the GI Bill
 5 Improvement Act of 1977,".

H-6641 FILED *Adopted 5/11/78* BY LIPSKY of Linn
 MAY 11, 1978 *(p. 2472)*

S-5895

1 Amend Senate File 2228 as follows:

2 1. Page 1, line 3, by striking the words "higher
3 education ~~facilities~~" and inserting in lieu thereof
4 the words "~~higher-education-facilities~~ college aid".

5 2. Page 1, line 11, by striking the words "Higher
6 Education ~~Facilities~~" and inserting in lieu thereof
7 the words "~~Higher-Education-Facilities~~ College Aid".

8 3. Page 1, by inserting after line 30 the follow-
9 ing new section:

10 "Sec. _____. Section two hundred sixty-one point
11 one (261.1), unnumbered paragraph five (5), Code 1977,
12 is amended to read as follows:

13 A vacancy shall exist on the commission when a
14 legislative member of the commission ceases to be
15 a member of the general assembly or when a student
16 member ceases to be enrolled as a student. Such
17 vacancy shall be filled within thirty days."

18 4. Page 2, lines 7 and 8, by striking the words
19 "higher education ~~facilities~~" and inserting in lieu
20 thereof the words "~~higher-education-facilities~~ college
21 aid".

22 5. Page 2, by inserting after line 9 the following
23 new section:

24 "Sec. _____. Section two hundred sixty-one point
25 two (261.2), Code 1977, is amended by adding the
26 following new subsection:

27 NEW SUBSECTION. Prepare a state plan, complete
28 with fiscal implications, for a state matching program
29 to match federal funds paid under the GI Bill
30 Improvement Act of 1977 Public Law ninety-five dash
31 two hundred two (P.L. 95-202) to a veteran who is
32 an Iowa resident for the purpose of repaying any
33 school loans received by such veteran from the United
34 States veterans administration."

35 6. Page 2, line 12, by striking the words "higher
36 education ~~facilities~~" and inserting in lieu thereof
37 the words "~~higher-education-facilities~~ college aid".

38 7. Page 4, line 35, by striking the words "higher
39 education" and inserting in lieu thereof the words
40 "college aid".

41 8. Page 6, by striking lines 15 and 16.

42 9. Page 8, by inserting after line 17 the
43 following:

44 "5. The treasurer of state shall invest any funds,
45 including those in the loan reserve account, and the
46 interest income earned shall be credited back to the
47 loan reserve account."

48 10. Page 9, line 21, by striking the words "higher
49 education" and inserting in lieu thereof the words
50 "college aid".

SENATE 13
MAY 12, 1978

S-5895
Page 2

- 1 11. Page 10, line 5, by striking the words "higher
- 2 education" and inserting in lieu thereof the words
- 3 "college aid".
- 4 12. Title page, line 1, by inserting after the
- 5 word "program," the words "a state matching program
- 6 to match federal funds paid under the GI Bill
- 7 Improvement Act of 1977,".

S-5895 FILED
MAY 11, 1978

RECEIVED FROM THE HOUSE

Senate amendment to S-5895 page 1458

SENATE FILE 2228

S-5897

- 1 Amend the House amendment, S-5895, to Senate File
- 2 2228 as passed by the Senate as follows:
- 3 1. Page 1, by striking lines 2 through 7.
- 4 2. Page 1, by striking lines 18 through 21.
- 5 3. Page 1, by striking lines 35 through 40.
- 6 4. By striking page 1, line 48 through page 2,
- 7 line 3.

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WITHDRAWN

BY JOAN ORR

SENATE FILE 2228

AN ACT

PROVIDING FOR A GUARANTEED STUDENT LOAN PROGRAM, A STATE MATCHING PROGRAM TO MATCH FEDERAL FUNDS PAID UNDER THE GI BILL IMPROVEMENT ACT OF 1977, CHANGING THE NAME OF THE HIGHER EDUCATION FACILITIES COMMISSION AND INCREASING ITS MEMBERSHIP BY TWO MEMBERS AND MAKING AN APPROPRIATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section eighty B point six (80B.6), subsection six (6), Code 1977, is amended to read as follows:

6. One member from the ~~higher-education-facilities college aid~~ commission for a term of four years commencing on August 15, 1974. This member shall be the commissioner who represents the private colleges.

Sec. 2. Section two hundred sixty-one point one (261.1), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

There is hereby created a commission to be known as the "~~Higher-Education-Facilities College Aid~~ Commission" of the state of Iowa. Membership of the commission shall be as follows:

Sec. 3. Section two hundred sixty-one point one (261.1), subsection six (6), Code 1977, is amended to read as follows:

6. ~~Four~~ Six additional members to be appointed by the governor. One of such members shall be selected to represent private colleges, private universities and private junior colleges located in the state of Iowa. When appointing such one member, the governor shall give careful consideration to any person or persons nominated or recommended by any organization or association of some or all private colleges, private universities and private junior colleges located in the state of Iowa. One such member shall be enrolled as a student at a board of regents institution, merged area school, or accredited private institution. One such member shall

be a representative of a lending institution located in this state. The other three such members, none of whom shall be official board members or trustees of an institution of higher learning or of an association of such institutions, shall be selected to represent the general public.

Sec. 4. Section two hundred sixty-one point one (261.1), unnumbered paragraph five (5), Code 1977, is amended to read as follows:

A vacancy shall exist on the commission when a legislative member of the commission ceases to be a member of the general assembly or when a student member ceases to be enrolled as a student. Such vacancy shall be filled within thirty days.

Sec. 5. Section two hundred sixty-one point two (261.2), subsection five (5), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

Said fund shall be allotted to students for not more than three years of study and shall be in the nature of a loan. Such loan shall have as one of its terms that fifty percent thereof shall be canceled at the end of five years of the general practice in Iowa with an additional ten percent to be canceled each year thereafter until the entire loan may be canceled. No interest shall be charged on any part of the loan thus canceled. Additional terms and conditions of said loan shall be established by the ~~higher-education facilities college aid~~ commission so as to facilitate the purpose of this section.

Sec. 6. Section two hundred sixty-one point two (261.2), Code 1977, is amended by adding the following new subsection:
NEW SUBSECTION. Prepare a state plan, complete with fiscal implications, for a state matching program to match federal funds paid under the GI Bill Improvement Act of 1977 Public Law ninety-five dash two hundred two (P.L. 95-202) to a veteran who is an Iowa resident for the purpose of repaying any school loans received by such veteran from the United States veterans administration.

Sec. 7. Section two hundred sixty-one point nine (261.9), subsection six (6), Code 1977, is amended to read as follows:

6. "Commission" means the ~~higher-education-facilities~~ college aid commission.

Sec. 8. Section two hundred sixty-one point fifteen (261.15), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

The ~~higher-education-facilities~~ commission shall administer this program and shall:

Sec. 9. Section two hundred sixty-one point seventeen (261.17), subsection six (6), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

The ~~higher-education-facilities~~ commission shall administer this program and shall:

Sec. 10. Section two hundred sixty-one point eighteen (261.18), Code 1977, is amended to read as follows:

261.18 SUBVENTION PROGRAM.

1. There is established a subvention program for resident students who are enrolled in the college of osteopathic medicine and surgery of Des Moines, Iowa. The subvention program shall be administered by the ~~higher-education facilities~~ commission in the manner provided in this section and section 261.19.

2. In making a final determination of who is a resident of Iowa, the ~~higher-education-facilities~~ commission shall adopt rules for the academic year commencing in 1976 and for each academic year thereafter consistent with those followed for determining Iowa resident students in section 261.15 and be subject to the provisions of chapter 17A.

Sec. 11. Section two hundred sixty-one point nineteen (261.19), Code 1977, is amended to read as follows:

261.19 PAYMENT OF SUBVENTION. The registrar of the college of osteopathic medicine and surgery shall file, not later than August 4 first of each year, a certificate of enrollment which shall include the number, names and addresses of all students enrolled, by class, and shall indicate which students are resident students. If the number of resident students does not equal thirty percent of the total enrollment of a class, the ~~higher-education-facilities~~ commission shall deduct

the sum of twenty thousand dollars for each class member under the required percentage. The ~~higher-education-facilities~~ commission shall compute the amount of the subvention and shall transmit the funds to the college of osteopathic medicine and surgery by August 45 fifteenth of each year for which funds are appropriated by the general assembly.

Sec. 12. Section two hundred sixty-one point twenty-five (261.25), subsections one (1), two (2) and three (3), Code 1977, are amended to read as follows:

1. There is appropriated from the general fund of the state to the ~~higher-education-facilities~~ commission for each fiscal year the sum of ten million dollars for tuition grants.

2. There is appropriated from the general fund of the state to the ~~higher-education-facilities~~ commission for each fiscal year the sum of three hundred fifty thousand dollars for scholarships.

3. There is appropriated from the general fund of the state to the ~~higher-education-facilities~~ commission for each fiscal year the sum of one hundred fifty thousand dollars for vocational-technical tuition grants.

Sec. 13. Section two hundred sixty-one point twenty-six (261.26), Code 1977, is amended to read as follows:

261.26 OPTOMETRY SCHOOLS. The ~~higher-education-facilities~~ commission shall contract with the proper officials of states which have accredited schools and colleges of optometry for the admission and education of qualified applicants who are domiciliaries of Iowa and who have demonstrated interest, aptitude, and readiness for study in the field of optometry. In making a final determination of who is a domiciliary of Iowa, the ~~higher-education-facilities~~ commission shall adopt rules for the academic year commencing in 1976 and for each academic year thereafter consistent with those followed for determining Iowa resident students in section 261.15 and subject to the provisions of chapter 17A.

Sec. 14. Section two hundred sixty-one point twenty-seven (261.27), Code 1977, is amended to read as follows:

261.27 CONTRACT FOR RIGHT TO ENTER SCHOOL. In carrying

out its duties under the provisions of section 261.26 the ~~higher-education-facilities~~ commission shall contract for the right of not less than ten qualified persons to enter accredited schools and colleges of optometry during the school year commencing in the year 1976. The ~~higher-education facilities~~ commission shall initiate an affirmative action program to insure equal opportunity for participation by women, men, and minority students in the program provided for in this section and section 261.26. Funds expended on behalf of each person shall not exceed three thousand dollars during any one fiscal year. The ~~higher-education-facilities~~ commission shall make a report regarding its duties under section 261.26 to the legislative fiscal committee at such time as the legislative fiscal committee shall request.

Sec. 15. Chapter two hundred sixty-one (261), Code 1977, is amended by adding sections sixteen (16) through twenty-three (23) of this Act as a new division.

Sec. 16. NEW SECTION. DEFINITIONS. As used in this division, unless the context otherwise requires:

1. "Commission" means the college aid commission of the state of Iowa.
2. "Eligible institution" means any postsecondary educational institution which meets the requirements of the provisions of the Higher Education Act of 1965 for student participation in the federal interest subsidy program and the requirements prescribed by rule of the commission.
3. "Eligible lender" means a financial or credit institution, insurance company or other approved lender which meets the standards prescribed by the commission and has executed a lender participation agreement with the commission.
4. "Higher Education Act of 1965" means the federal Higher Education Act of 1965, as amended to and including January 1, 1978.
5. "Eligible student" means a person who is a resident of this state and is enrolled or will be enrolled at an eligible institution within or without the state or who is a nonresident of this state and is enrolled or will be enrolled

at an eligible institution within the state and who meets the eligibility requirements established by the commission. The commission shall establish the qualifications for being a resident of this state, however, the qualifications shall not be more stringent than those established by the state board of regents.

Sec. 17. NEW SECTION. POWERS. The commission shall have necessary powers to carry out its purposes and duties under this division, including but not limited to the power to:

1. Sue and be sued in its own name.
2. Incur and discharge debts including the payment of any defaulted loan obligations which have been guaranteed by the commission.
3. Make and execute agreements, contracts and other instruments with any public or private person or agency including the United States commissioner of education.
4. Guarantee loans made by eligible lenders to eligible students who are enrolled or will be enrolled at eligible institutions as at least half-time students as defined by the commission.
5. Approve educational institutions as eligible institutions upon their meeting the requirements established by the commission.
6. Approve financial or credit institutions, insurance companies or other lenders as eligible lenders upon their meeting the standards established by the commission for making guaranteed loans.
7. Accept appropriations, gifts, grants, loans or other aid from public or private persons or agencies including the United States commissioner of education.
8. Implement various means of encouraging maximum lender participation in the Iowa guaranteed student loan program.

Sec. 18. NEW SECTION. DUTIES. The duties of the commission under this division shall be as follows:

1. To review the Iowa guaranteed student loan program.
2. To review and make disposition of all applications for the guarantee of student loans.

3. Collect an insurance premium of not more than one percent per annum of the principal amount of any loan guaranteed, beginning with the date of disbursement and ending one year after the date on which the borrower expects to complete the course of study for which the loan was made. Such premium shall be collected by the lender upon the disbursement of the loan and shall be remitted promptly to the commission.

4. To enter into all necessary agreements with the United States commissioner of education as may be required for the purpose of receiving full benefit of the state program incentives offered pursuant to the Higher Education Act of 1965.

5. To promulgate rules pursuant to chapter seventeen A (17A) of the Code to implement the provisions of this division including establishing standards for educational institutions, lenders and individuals to become eligible institutions, lenders and students. The rules and standards established shall be consistent with the requirements provided in the Higher Education Act of 1965.

6. To reimburse eligible lenders for one hundred percent of the principal and accrued interest on defaulted loans guaranteed by the commission upon receipt of written notice of such default accompanied by evidence that the lender has exercised the required degree of diligence in efforts to collect the loan.

7. To establish an effective system for the collection of delinquent loans.

8. To develop and disseminate informational and educational materials to lenders, postsecondary institutions and student borrowers.

9. To develop all forms necessary to the proper administration of the guaranteed student loan program and provide supplies of such forms to participating lenders and postsecondary institutions.

10. To report annually to the governor and the general assembly on the status of the guaranteed student loan program.

11. To implement all possible assistance to eligible

lenders for the purpose of easing the workload entailed in participation in the guaranteed student loan program.

Sec. 19. NEW SECTION. LOAN RESERVE AND ADMINISTRATIVE ACCOUNTS.

1. The commission shall establish a loan reserve account from which any default on a guaranteed student loan shall be paid. The commission shall credit to this account all moneys designated exclusively for the reserve fund by the United States, the state of Iowa or any of their agencies, departments or instrumentalities, as well as any funds accruing to the program which are not required for current administrative expenses.

2. The commission shall establish an administrative account from which the operating costs of the guaranteed student loan program shall be paid. The commission may transfer funds between the reserve and administrative accounts upon approval of the state comptroller. The state comptroller shall determine what is the actuarially sound reserve requirement for the amount of guaranteed loans outstanding.

3. The payment of any funds for the default on a guaranteed student loan shall be solely from the loan reserve account. The general assembly shall not be obligated to appropriate any moneys to pay for any defaults or to appropriate any moneys to be credited to the loan reserve account. The commission shall not give or lend the credit of the state of Iowa.

4. Funds on deposit in the loan reserve account or in the administrative account shall not revert to the state general fund at the close of any fiscal year.

5. The treasurer of state shall invest any funds, including those in the loan reserve account, and the interest income earned shall be credited back to the loan reserve account.

Sec. 20. NEW SECTION. TRANSFER OF FUNDS AND ASSETS. All moneys which are to be refunded to the state under the contract with United Student Aid Funds, Incorporated, involving the Iowa guaranteed student loan program in effect prior to the effective date of this Act shall be refunded to the

commission and shall be credited to the loan reserve account except those funds which must be repaid to the United States government.

All assets and liabilities of the student loan program established pursuant to sections two hundred sixty-one point five (261.5) through two hundred sixty-one point eight (261.8) of the Code and existing on the effective date of this Act shall be assets and liabilities of the Iowa guaranteed student loan program established pursuant to this Act.

Sec. 21. NEW SECTION. REPAYMENT OF STATE APPROPRIATIONS. The commission shall repay to the treasurer of state all funds appropriated for the Iowa guaranteed student loan program for the fiscal years 1979, 1980 and 1981. The commission shall repay such funds in any fiscal year only when the funds available are in excess of the amount needed to pay the costs of administering the program and to insure an actuarially sound reserve account for that fiscal year and then only in the amount of the excess funds available.

Sec. 22. NEW SECTION. The loan program and the loan reserve account established by this division shall not be dissolved until all guaranteed loans have been repaid by the borrower or, if in default, by the commission. Upon dissolution of the loan program, all the property and moneys of the program and in the loan reserve account not owed to the federal government shall be transferred to the state general fund.

Sec. 23. NEW SECTION. SHORT TITLE. This division shall be known and may be cited as the Iowa guaranteed student loan program.

Sec. 24. Sections two hundred sixty-one point five (261.5) through two hundred sixty-one point eight (261.8), Code 1977, are repealed.

Sec. 25. There is appropriated from the general fund of the state to the college aid commission established by section two (2) of this Act the sum of two hundred eighty thousand two hundred nine (280,209) dollars to be used for the following purposes:

1978-1979
Fiscal Year

- 1. For salaries, support, maintenance and miscellaneous purposes incurred in administering the Iowa guaranteed student loan program \$100,000
- 2. For matching federal funds \$180,209

Funds appropriated by subsection two (2) of this section and matching federal funds shall be credited to the loan reserve account and shall not revert to the general fund as provided in section eight point thirty-three (8.33) of the Code.

Funds appropriated to the higher education facilities commission by any Act of the Sixty-seventh General Assembly, 1978 Session, shall be construed to be appropriated to the college aid commission.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2228, Sixty-seventh General Assembly.

KEVIN P. LIGHT
Acting Secretary of the Senate

Approved 6/20, 1978

ROBERT D. RAY
Governor