

# House File 764

## Bill Text

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1 1 Section 1. Section [261.17](#), subsection 3, unnumbered  
1 2 paragraph 1, Code 1999, is amended to read as follows:  
1 3 A qualified full-time student may receive vocational-  
1 4 technical tuition grants for not more than four semesters  
.  
-  
1 5  
.  
~~eight quarters~~  
- or the trimester or quarter equivalent of two  
1 6 full years of study.  
.  
~~The amount of a vocational technical~~  
-  
1 7  
.  
~~tuition grant to a~~  
- A qualified part-time student enrolled in a  
1 8 course of study including at least three semester hours but  
1 9 fewer than twelve semester hours or the trimester or quarter  
1 10 equivalent  
.  
~~shall be equal to the amount of a tuition grant~~  
-  
1 11  
.  
~~that would be paid to a full time student times a number which~~  
-  
1 12  
.  
~~represents the number of hours in which the part time student~~  
-  
1 13  
.  
~~is actually enrolled divided by twelve semester hours,~~  
- may  
1 14 receive vocational-technical tuition grants for not more than  
1 15 eight semesters or the trimester or quarter equivalent of two  
1 16 full years of full-time study.  
1 17 Sec. 2. Section [261.17](#), subsection 4, Code 1999, is  
1 18 amended to read as follows:  
1 19 4. a. The amount of a vocational-technical tuition grant  
1 20 to a qualified full-time student shall not exceed the lesser  
1 21 of six hundred dollars per year or the amount of the student's  
1 22 established financial need.  
1 23 b. The amount of a vocational-technical tuition grant to a  
1 24 qualified part-time student enrolled in a course of study  
1 25 including at least three semester hours but fewer than twelve  
1 26 semester hours or the trimester or quarter equivalent shall be  
1 27 equal to the amount of a vocational-technical tuition grant  
1 28 that would be paid to a full-time student, except that the  
1 29 commission shall prorate the amount in a manner consistent  
1 30 with the federal Pell grant program proration.  
1 31 Sec. 3. Section [261.38](#), subsection 1, Code 1999, is  
1 32 amended to read as follows:

1 33 1. The commission shall establish a loan reserve account  
1 34

~~from which any default on a guaranteed student loan shall be~~

1 35

~~paid~~

~~and an agency operating account as authorized by the~~

2 1 federal Higher Education Act of 1965. The commission shall  
2 2 credit to

~~this account~~

~~these accounts~~ all moneys

~~designated~~

2 3

~~exclusively for the reserve fund~~

~~provided for the state~~

2 4 student loan program by the United States, the state of Iowa,  
2 5 or any of their agencies, departments or instrumentalities, as  
2 6 well as any funds accruing to the program which are not  
2 7 required for current administrative expenses. The

~~department~~

2 8

~~of management shall determine the actuarially sound reserve~~

2 9

~~requirement for the amount of guaranteed loans outstanding~~

2 10 commission may expend moneys in the loan reserve and agency  
2 11 operating accounts as authorized by the federal Higher  
2 12 Education Act of 1965.

2 13 Sec. 4. Section [261.38](#), subsection 2, Code 1999, is  
2 14 amended by striking the subsection.

2 15 Sec. 5. Section [261.38](#), subsections 3, 4, and 5, Code  
2 16 1999, are amended to read as follows:

2 17 3. The payment of any funds for the default on a  
2 18 guaranteed student loan shall be solely from the loan reserve  
2 19

~~account~~

~~and agency operating accounts~~. The general assembly

2 20 shall not be obligated to appropriate any moneys to pay for  
2 21 any defaults or to appropriate any moneys to be credited to  
2 22 the loan reserve account. The commission shall not give or  
2 23 lend the credit of the state of Iowa.

2 24 4.

~~Funds~~

~~Notwithstanding section 8.33, funds on deposit in~~

2 25 the loan reserve

~~account or in the administrative account~~

~~and~~

2 26 operating accounts shall not revert to the state general fund  
2 27 at the close of any fiscal year.

2 28 5. The treasurer of state shall invest any funds,  
2 29 including those in the loan reserve

~~account~~

~~and operating~~

2 30 accounts, and, notwithstanding section 12C.7, the interest  
2 31 income earned shall be credited back to the

~~loan reserve~~

2 32 appropriate account.

2 33 Sec. 6. Section 261.38, subsection 6, Code 1999, is  
2 34 amended by striking the subsection.

2 35 Sec. 7. Section 261.38, subsection 7, unnumbered paragraph  
3 1 1, Code 1999, is amended to read as follows:

3 2 The commission may

~~expend funds in the reserve account and~~

3 3 enter into agreements with the Iowa student loan liquidity  
3 4 corporation in order to increase access for students to  
3 5 education loan programs that the commission determines meet  
3 6 the education needs of Iowa residents. The agreements shall  
3 7 permit the establishment, funding, and operation of  
3 8 alternative education loan programs, as described in section  
3 9 144(b)(1)(B) of the Internal Revenue Code of 1986 as amended,  
3 10 as defined in section 422.3, in addition to programs permitted  
3 11 under the federal Higher Education Act of 1965. In accordance  
3 12 with those agreements, the Iowa student loan liquidity  
3 13 corporation may issue bonds, notes, or other obligations to  
3 14 the public and others for the purpose of funding the  
3 15 alternative education loan programs. This authority to issue  
3 16

~~such~~

3 17 bonds, notes, or other obligations shall be in addition  
3 18 to the authority established in the articles of incorporation  
3 19 and bylaws of the Iowa student loan liquidity corporation.

EXPLANATION

3 20 This bill reflects a change in federal law that prohibits  
3 21 the state from asserting control over the loan reserve account  
3 22 of the state student loan program, which is currently funded  
3 23 with federal moneys. Current Code language provides that the  
3 24 general assembly appropriates moneys from the loan reserve  
3 25 account to the college student aid commission for state  
3 26 student loan program operating costs.

3 27 The bill also authorizes the commission to issue  
3 28 vocational-technical tuition grants to qualified part-time  
3 29 students equal to the grant amount received by a full-time  
3 30 student, but prorated in a manner consistent with the federal  
3 31 Pell grant program. Currently, the vocational-technical  
3 32 tuition grant amount issued to part-time students is equal to  
3 33 the amount paid to a full-time student times a number number  
3 34 of hours in which the part-time student is enrolled, divided  
3 35 by 12 semester hours.

4 1 The federal Higher Education Amendments of 1998, Pub. L.  
4 2 No. 105-244, states that the guaranty agency, and the college  
4 3 student aid commission, shall deposit all assets contained in  
4 4 the current loan reserve account into a federal student loan  
4 5 reserve fund. This fund, according to the federal law, is the  
4 6 sole property of the federal government and the guaranty  
4 7 agency may use moneys from the fund to pay lender claims or  
4 8 pay into the agency operating fund.

4 9 The bill authorizes the college student aid commission to  
4 10 establish a loan reserve account and an agency operating  
4 11 account for the deposit of moneys provided by the state  
4 12 student loan program by the United States and the state of  
4 13 Iowa or any of their agencies, departments or  
4 14 instrumentalities, as well as any funds accruing to the  
4 15 program which are not required for current administrative  
4 16 expenses. The bill permits the commission to expend moneys in

4 17 the loan reserve and agency operating accounts as authorized  
4 18 by the federal Higher Education Act of 1965.  
4 19 The bill strikes a subsection that permits the commission  
4 20 to exceed the full-time equivalent positions authorized and  
4 21 expend moneys in the loan reserve account in excess of the  
4 22 amounts appropriated by the general assembly, in order to  
4 23 maintain loan guarantee operations. The subsection stricken  
4 24 also requires the commission to notify the chairpersons and  
4 25 ranking members of the standing appropriations committees of  
4 26 the general assembly and the co-chairpersons and ranking  
4 27 members of the education appropriations subcommittee of the  
4 28 proposed adjustment or transfer.  
4 29 LSB 1276HZ 78  
4 30 kh/gg/8