

**Senate Study Bill 3045 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COLLEGE STUDENT  
AID COMMISSION BILL)

**A BILL FOR**

1 An Act relating to programs and accounts administered by the  
2 college student aid commission.

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

1 Section 1. Section 8A.504, subsection 1, paragraph c,  
2 subparagraph (2), Code 2014, is amended to read as follows:

3 (2) An amount that is due because of a default on a  
4 ~~guaranteed student or parental~~ loan under chapter 261.

5 Sec. 2. Section 8A.504, subsection 4, Code 2014, is amended  
6 to read as follows:

7 4. The director shall have the authority to enter into  
8 reciprocal agreements with the departments of revenue of other  
9 states that have enacted legislation that is substantially  
10 equivalent to the setoff procedure provided in this section  
11 for the recovery of an amount due because of a default on a  
12 ~~guaranteed student or parental~~ loan under chapter 261. A  
13 reciprocal agreement shall also be approved by the college  
14 student aid commission. The agreement shall authorize the  
15 department to provide by rule for the setoff of state income  
16 tax refunds or rebates of defaulters from states with which  
17 Iowa has a reciprocal agreement and to provide for sending  
18 lists of names of Iowa defaulters to the states with which Iowa  
19 has a reciprocal agreement for setoff of that state's income  
20 tax refunds.

21 Sec. 3. Section 261.9, unnumbered paragraph 1, Code 2014,  
22 is amended to read as follows:

23 When used in this ~~division~~ part, unless the context  
24 otherwise requires:

25 Sec. 4. Section 261.37, subsection 7, Code 2014, is amended  
26 to read as follows:

27 7. To establish an effective system for the collection  
28 of delinquent loans, including the adoption of an agreement  
29 with the department of administrative services to set off  
30 against a defaulter's income tax refund or rebate the amount  
31 that is due because of a default on a ~~guaranteed or parental~~  
32 loan made under this division. The commission shall adopt  
33 rules under chapter 17A necessary to assist the department of  
34 administrative services in the implementation of the student  
35 loan setoff program as established under section 8A.504.

1 The commission shall apply administrative wage garnishment  
2 procedures authorized under the federal Higher Education Act of  
3 1965, as amended and codified in 20 U.S.C. § 1071 et seq., for  
4 all delinquent loans, including loans authorized under section  
5 261.38, when a defaulter who is financially capable of paying  
6 fails to voluntarily enter into a reasonable payment agreement.  
7 In no case shall the commission garnish more than the amount  
8 authorized by federal law for all loans being collected by the  
9 commission, including those authorized under section 261.38.

10 Sec. 5. Section 261.38, subsections 1, 3, and 4, Code 2014,  
11 are amended to read as follows:

12 1. The commission shall establish ~~a loan reserve account~~  
13 ~~and~~ an agency operating account as authorized by the federal  
14 Higher Education Act of 1965. The commission shall credit to  
15 ~~these accounts~~ the agency operating account all moneys provided  
16 for the state student loan program by the United States, the  
17 state of Iowa, or any of their agencies, departments, or  
18 instrumentalities, as well as any funds accruing to the program  
19 which are not required for current administrative expenses.  
20 The commission may expend moneys in the ~~loan reserve and~~ agency  
21 ~~operating accounts~~ account as authorized by the federal Higher  
22 Education Act of 1965.

23 3. Notwithstanding section 8.33, funds on deposit in the  
24 ~~loan reserve and~~ agency operating accounts account shall not  
25 revert to the state general fund at the close of any fiscal  
26 year.

27 4. The treasurer of state shall invest any funds, ~~including~~  
28 ~~those in the loan reserve and~~ agency operating accounts  
29 account, and, notwithstanding section 12C.7, the interest  
30 income earned shall be credited back to the ~~appropriate~~ agency  
31 operating account.

32 Sec. 6. Section 261.38, subsection 2, Code 2014, is amended  
33 by striking the subsection.

34 Sec. 7. REPEAL. Sections 261.17A, 261.22, 261.39, 261.41,  
35 261.44, 261.48, 261.54, 261.81A, and 261.82, Code 2013, are

1 repealed.

2 Sec. 8. CODE EDITOR DIRECTIVES.

3 1. The Code editor shall do all of the following:

4 a. Create three new parts in chapter 261 as follows:

5 (1) Part 1 shall be entitled "Iowa Tuition Grants" and shall  
6 include sections 261.9 through 261.16.

7 (2) Part 2 shall be entitled "Vocational-Technical Tuition  
8 Grants" and shall include section 261.17.

9 (3) Part 3 shall be entitled "Administration" and shall  
10 include sections 261.20 and 261.25.

11 b. (1) Transfer and renumber sections 261.18, 261.19,  
12 261.23, and 261.24 as follows:

13 (a) Section 261.18 as section 261.61.

14 (b) Section 261.19 as section 261.115.

15 (c) Section 261.23 as section 261.116.

16 (d) Section 261.24 as section 261.62.

17 (2) Correct internal references as necessary.

18 2. The Code editor may renumber sections within division  
19 II of chapter 261 and shall correct internal references as  
20 necessary.

21

#### EXPLANATION

22 The inclusion of this explanation does not constitute agreement with  
23 the explanation's substance by the members of the general assembly.

24 This bill makes changes to Code chapter 261 in response to  
25 recent changes in the federal Higher Education Act of 1965,  
26 as amended. The bill eliminates references to guaranteed  
27 student or parental loans and to the loan reserve account, and  
28 repeals related Code provisions. The bill also repeals Code  
29 sections relating to the Iowa hope loan program, accelerated  
30 career education grant program, guaranteed loan payment  
31 program, minority teacher loan payments, repayment of science  
32 and mathematics loans, the Iowa heritage corps, and other  
33 obsolete Code sections, and directs the Code editor to transfer  
34 Code sections 261.18, 261.19, 261.23, and 261.24 to new Code  
35 sections within the Code chapter to improve readability.