

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 **board.**

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

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

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

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

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

29 (9) Adopt rules and regulations in accordance with the provisions of the

1 Administrative Procedure Act, not inconsistent with the provisions of this Chapter,
2 governing the guarantee, disbursement, ~~and/or~~ and servicing of loans made by the
3 ~~commission~~ board, and governing any other matters relating to the activities of the
4 ~~commission~~ board. Such rules and regulations shall include procedures for the
5 denial of licenses, permits, and certificates required by the state to practice or engage
6 in a trade, occupation, or profession to applicants and renewal applicants in default
7 on the repayment of loans guaranteed by the ~~commission~~ board, for the conditional
8 issuance or renewal of such a license, permit, or certificate pending an applicant's
9 compliance with loan repayment requirements, and for other matters necessary to
10 implement the provisions of R.S. 37:2951.

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

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

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

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

1 Practice of Internal Auditing.

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

4 * * *

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

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

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

17 §3023.3. Loan of reserve funds

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

25 §3023.4. Student loan guarantees

26 A. Notwithstanding any other provisions of law, the ~~Louisiana Student~~
27 ~~Financial Assistance Commission~~ is hereby authorized to ~~is hereby authorized to~~ **board may** guarantee
28 loans made to students attending or planning to attend institutions of higher
29 education, including graduate, professional, vocational, business, or technical

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

9 * * *

10 §3023.6. Age does not bar loan

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

18 §3023.7. Tax exemption

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

22 §3023.8. Examination by commissioner of financial institutions

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

29 * * *

1 §3024. Acceptance and use of funds

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

7 §3024.1. Student loans as security for deposit of public funds

8 Notes representing loans to students which are guaranteed by this
9 ~~commission~~ **board** in accordance with a contract agreement under the provisions of
10 this Chapter, may be pledged as collateral security for deposit of public funds as
11 required in ~~R.S. 39:403~~ **R.S. 49:321** and R.S. 39:1221.

12 §3024.2. Appropriation for guaranteed student loan program

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

20 §3031. State student incentive grant; federal participation

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

28 B. The ~~commission is authorized to~~ **board may** implement a program to train
29 and further acquaint administrators of financial aid and assistance with the federal

1 and state programs of student financial aid, pursuant to the Federal Higher Education
 2 Act as amended by ~~Public Law 94-482~~. The ~~commission~~ **board** shall design and
 3 develop this program in consultation with the statewide financial aid administrators
 4 association. The ~~commission~~ **board** may provide appropriate rules and regulations
 5 in order to execute this provision. The ~~commission is authorized to~~ **board may** enter
 6 into contracts or agreements with the federal government for ~~their~~ **its** financial
 7 participation in the program on such terms and conditions as may be agreed upon by
 8 the ~~commission~~ **board**.

9 * * *

10 §3093. Louisiana Tuition Trust Authority; creation; powers

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

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

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

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

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

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

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

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

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

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

21 * * *

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

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

26 * * *

27 BB. The Louisiana Student Financial Assistance Commission (R.S. 17:3021
28 et seq.) is **hereby abolished and its powers, duties, functions and responsibilities**
29 **are hereby transferred to** ~~placed within the Board of Regents and shall exercise~~

