
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 984 Session of
2021

INTRODUCED BY PASHINSKI, HILL-EVANS, KINSEY, SHUSTERMAN, CIRESI,
SCHLOSSBERG, HOWARD, SANCHEZ, CONKLIN, HOHENSTEIN, DEASY,
WARREN, BURGOS, D. WILLIAMS, LEE, ISAACSON, GUENST AND
SCHWEYER, MARCH 19, 2021

REFERRED TO COMMITTEE ON EDUCATION, MARCH 19, 2021

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," providing for Delayed Payment Plan
6 Program; and establishing the Delayed Payment Plan Program
7 Fund.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
11 as the Public School Code of 1949, is amended by adding an
12 article to read:

13 ARTICLE XIX-I

14 DELAYED PAYMENT PLAN PROGRAM

15 Section 1901-I. Definitions.

16 The following words and phrases when used in this article
17 shall have the meanings given to them in this section unless the
18 context clearly indicates otherwise:

19 "Agency." The Pennsylvania Higher Education Assistance

1 Agency.

2 "Department." The Department of Education of the
3 Commonwealth.

4 "Fund." The Delayed Payment Plan Program Fund established
5 under section 1905-I.

6 "Income." Salary, wages, interest, dividends and other
7 earnings that are reportable for Federal income tax purposes.

8 "Income share agreement." An agreement between the agency
9 and a student under which the student commits to pay a specified
10 percentage of the student's future income, for a specified
11 period of time, in addition to the requirements and terms
12 specified under sections 1903-I and 1906-I, in exchange for
13 payments to, or on behalf of, the student for a portion of the
14 student's tuition for attendance at the institution of higher
15 education.

16 "Institution of higher education." As defined under section
17 118(c).

18 "Participating institution." A participating institution of
19 higher education.

20 "Program." The Delayed Payment Plan Program established
21 under section 1902-I.

22 "Tuition." A sum of money charged for teaching or
23 instruction by a school, college or university.

24 Section 1902-I. Establishment of program.

25 Subject to receipt of grants, contributions or amounts
26 appropriated specifically for this purpose, the Delayed Payment
27 Plan Program is established. The agency may enter into an income
28 share agreement with students accepted for enrollment at any of
29 the 15 Pennsylvania State community colleges or the Thaddeus
30 Stevens College of Technology beginning with the 2021-2022

1 academic year. The agency may decide to offer the program to
2 students accepted or enrolled in any of the 14 PASSHE
3 institutions beginning with the 2026-2027 school year.

4 Section 1903-I. Eligibility requirements.

5 In order to qualify for participation in the program, a
6 student must meet all of the following requirements:

7 (1) The student must be a resident of this Commonwealth,
8 as defined by the Pennsylvania State Grant Program.

9 (2) The student must agree to remain a resident of this
10 Commonwealth 10 years after graduation or until the tuition
11 is repaid, whichever occurs first.

12 (3) The student must pursue a degree in a high-need
13 area, as identified by the participating institution and
14 approved by the agency.

15 (4) The student demonstrates Federal Direct Student Loan
16 eligibility.

17 Section 1904-I. Powers and duties of agency.

18 The agency shall have the following powers and duties:

19 (1) Impose reasonable limits on the terms of income
20 share agreements.

21 (2) Partner with participating institutions of higher
22 education to publicize the availability of the program to
23 students and to select participants for the program, subject
24 to the number of students that may be supported by the fund.

25 (3) Distribute income share agreement program money to
26 participating institutions of higher education based on the
27 total annual tuition cost for participating students.

28 (4) Contract with a program administrator for execution
29 of income share agreements.

30 (5) Ensure transparency in investment decisions and

1 processes.

2 (6) Make, execute and deliver contracts, conveyances and
3 other instruments necessary to the exercise and discharge of
4 the agency's powers and duties under this article.

5 Section 1905-I. Delayed Payment Plan Program Fund.

6 (a) Establishment.--The Delayed Payment Plan Program Fund is
7 established within the State Treasury, from which income share
8 agreement money shall be disbursed to program administrators
9 through the agency. Expenditures from the fund may be used only
10 for the program. Administrative costs for the program may not
11 exceed \$400,000 in the first year of the program or \$300,000
12 annually thereafter. Only the agency may authorize expenditures
13 from the fund.

14 (b) Sources of fund.--The fund may consist of:

15 (1) Grants and contributions from private sources.

16 (2) Appropriations made to the fund by the General
17 Assembly.

18 (3) Money collected under income share agreements.

19 (4) Interest on money deposited into the fund.

20 (5) An annual appropriation of \$45,000,000 from the
21 General Fund by the General Assembly.

22 (c) Grants.--The agency may solicit and accept grants and
23 contributions from private sources for deposit into the fund.

24 Section 1906-I. Income share agreement terms.

25 An income share agreement entered into under this article
26 must:

27 (1) Specify the period of repayment, which shall not
28 exceed 10 years and shall commence six months after the later
29 of graduation of the student from:

30 (i) A participating institution of higher education

1 upon successful completion of a degree, diploma or
2 certificate program.

3 (ii) A four-year institution of higher education, if
4 the student is admitted to the four-year institution of
5 higher education within six months of completing required
6 coursework or at the discretion of the agency.

7 (2) Except as provided under paragraph (5), provide that
8 no monthly payment be owed by the student for any period of
9 time during which the student's annual income is equal to or
10 less than \$30,000.

11 (3) Specify the terms and conditions under which the
12 student may extinguish the student's repayment obligation
13 under the agreement before the end of the repayment period.

14 (4) Specify that the student be required to repay a
15 minimum of 2% of future annual income for 10 years or when
16 the tuition is repaid, whichever occurs first.

17 (5) Provide that a student with an outstanding balance
18 at the end of the 10-year period under paragraph (4) be
19 required to repay the remaining balance plus 3.5% annualized
20 interest on the remaining balance until repaid.

21 (6) Specify a cap on the total amount that a student be
22 required to repay under the agreement, which may not exceed
23 200% of the amount provided to the student under the income
24 share agreement.

25 (7) Specify that a student's obligation under an income
26 share agreement may be forgiven if the student meets either
27 of the following:

28 (i) Is unable to engage in any substantial gainful
29 activity by reason of any medically determinable physical
30 or mental impairment that:

1 (A) can be expected to result in death;
2 (B) has lasted for a continuous period of not
3 less than 60 months; or

4 (C) can be expected to last for a continuous
5 period of not less than 60 months.

6 (ii) Has been determined by the United States
7 Secretary of Veterans Affairs to be unemployable due to a
8 service-connected disability.

9 (8) Specify that a student's obligation under an income
10 share agreement be discharged if the student dies.

11 (9) Specify that an income share agreement is not a debt
12 instrument.

13 (10) Provide that a participating student who does not
14 complete coursework after five years be required to repay the
15 student's outstanding balance in full plus 3.5% annualized
16 interest, unless the student meets any of the criteria
17 specified in paragraph (7).

18 Section 1907-I. Notification to student.

19 An income share agreement is not in compliance with this
20 article unless the student, prior to entering into the income
21 share agreement, is provided with written notification that
22 clearly states all of the following:

23 (1) that the income share agreement is not a debt
24 instrument;

25 (2) that the amount the student will be required to pay
26 under the income share agreement may be more or less than the
27 amount provided to the student, but shall not be more than
28 the cap determined under section 1906-I(6);

29 (3) the terms and conditions under which the student may
30 extinguish the student's repayment obligation under the

1 income share agreement before the end of the repayment
2 period;

3 (4) the duration of the student's obligation under the
4 income share agreement;

5 (5) the percentage of the student's future annual income
6 that the student is committing to pay under the income share
7 agreement, as determined under section 1906-I(4) and the
8 minimum amount of annual income that triggers the student's
9 repayment obligation under the income share agreement; and

10 (6) the definition of "income" used to calculate the
11 student's repayment obligation.

12 Section 1908-I. Reports.

13 (a) Initial report.--The agency, in consultation with
14 participating institutions of higher education, shall submit a
15 report to the Appropriations Committee of the Senate, the
16 Appropriations Committee of the House of Representatives, the
17 Education Committee of the Senate and the Education Committee of
18 the House of Representatives no later than March 1, 2025. The
19 report shall include, but not be limited to:

20 (1) The number of students, by credit level, who have
21 entered into an income share agreement with a participating
22 institution of higher education.

23 (2) The average amount of money provided to students
24 under income share agreements.

25 (3) A complete count, by course of study, of all
26 students who have entered into an income share agreement with
27 a participating institution of higher education.

28 (b) Further report.--The agency, in consultation with
29 participating institutions of higher education and the
30 department, shall submit a report to the Appropriations

1 Committee of the Senate, the Appropriations Committee of the
2 House of Representatives, the Education Committee of the Senate
3 and the Education Committee of the House of Representatives no
4 later than March 1, 2030. The report shall include, but not be
5 limited to:

6 (1) The number of students, by credit level, who have
7 entered into an income share agreement with the participating
8 institution of higher education.

9 (2) The number of graduates who entered into an income
10 share agreement with participating institutions of higher
11 education, the average and range of annual incomes of those
12 graduates and the average and range of the monthly payments
13 under income share agreements.

14 (3) The balance of the fund established under section
15 1905-I.

16 Section 2. This act shall take effect in 60 days.