
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1433 Session of
2014

INTRODUCED BY TEPLITZ, WOZNIAK, FONTANA, SCHWANK, SMITH, COSTA,
HUGHES AND STACK, JUNE 23, 2014

REFERRED TO EDUCATION, JUNE 23, 2014

AN ACT

1 Authorizing the incurrence of indebtedness by the Commonwealth,
2 upon electorate approval, for the establishment of a fund to
3 benefit eligible students pursuing postsecondary education;
4 creating a special fund in the State Treasury to be known as
5 the Science, Technology, Engineering and Math Higher
6 Education Loan Program Trust Fund; establishing the Science,
7 Technology, Engineering and Math Higher Education Loan
8 Program; and conferring powers and imposing duties on the
9 Pennsylvania Higher Education Assistance Agency.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Short title.

13 This act shall be known and may be cited as the Science,
14 Technology, Engineering and Math Higher Education Loan Program
15 (STEM HELP) Act.

16 Section 2. Definitions.

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

20 "Agency." The Pennsylvania Higher Education Assistance
21 Agency.

1 "Approved course of study." A course of study in the field
2 of science, technology, engineering or math.

3 "Fund." The STEM HELP Trust Fund established under section
4 4.

5 "Grade point average." The numbered grade average calculated
6 using a 4.0 scale.

7 "Institution of higher education." Any of the following:

8 (1) A State-owned institution.

9 (2) An approved institution in the agency's State Higher
10 Education Grant Program.

11 "Loan." A STEM HELP loan given under section 5.

12 "State-owned institution." An institution that is part of
13 the State System of Higher Education under Article XX-A of the
14 act of March 10, 1949 (P.L.30, No.14), known as the Public
15 School Code of 1949.

16 "STEM HELP." The Science, Technology, Engineering and Math
17 Higher Education Loan Program.

18 "Student." A school-age resident of this Commonwealth who
19 attends or is about to attend an institution of higher
20 education.

21 Section 3. Question.

22 (a) Submission of question to electors.--The question of
23 incurring indebtedness of \$50,000,000 for the establishment of a
24 fund for the support of a program designed to meet the financial
25 needs of full-time students shall be submitted to the electors
26 at the next primary, municipal or general election following the
27 effective date of this act.

28 (b) Certification.--The Secretary of the Commonwealth shall
29 certify the question to the county board of elections.

30 (c) Form of question.--The question shall be in

1 substantially the following form:

2 Do you favor the incurring of indebtedness of
3 \$50,000,000 to build the corpus of a trust fund for
4 the support of a revolving loan program designed to
5 meet the financial needs of Pennsylvania students who
6 attend institutions of higher education; major in
7 science, technology, engineering or math; have high
8 grade point averages and commit to remain in
9 Pennsylvania for a set period of time following
10 graduation?

11 (d) Election.--The election shall be conducted in accordance
12 with the act of June 3, 1937 (P.L.1333, No.320), known as the
13 Pennsylvania Election Code.

14 (e) Approval.--If the question under this section is
15 approved by the electors, the Commonwealth shall incur the
16 indebtedness which is authorized under this section.

17 Section 4. The STEM HELP Trust Fund.

18 (a) Establishment.--The STEM HELP Trust Fund is established
19 as a special fund in the State Treasury.

20 (b) Purpose.--The fund shall be the source from which all
21 payments are to be made to carry out the purposes of the
22 Science, Technology, Engineering and Math Higher Education Loan
23 Program under section 5.

24 (c) Administration and audit.--The fund shall be
25 administered by the Department of Revenue and subject to audit
26 by the Department of the Auditor General.

27 (d) Funding sources.--The fund shall consist of the
28 following funding sources:

29 (1) Proceeds of the indebtedness authorized under
30 section 3.

1 (2) Donations and contributions from all public and
2 private sources, including the Federal Government and any
3 appropriation or transfer authorized by the General Assembly.

4 (3) All interest earned by the fund.

5 (4) Proceeds of all refunds and repayments of loans.

6 (e) Use.--The money in the fund shall be appropriated on a
7 continuing basis to the Science Technology, Engineering and Math
8 Higher Education Loan Program established under section 5.

9 Section 5. The Science Technology, Engineering and Math Higher
10 Education Loan Program.

11 (a) Establishment.--The Science, Technology, Engineering and
12 Math Higher Education Loan Program is established within the
13 agency to assist students who meet all of the requirements under
14 this act.

15 (b) Contents of application.--An application for a STEM HELP
16 loan shall include all of the following:

17 (1) All information and documentation required by the
18 agency, including a promissory note.

19 (2) A verified statement of grade point average as of
20 the date of application from the appropriate educational
21 institution.

22 (3) If the student is 18 years of age or under, the
23 signature of a parent or guardian.

24 (c) Time of application.--A student shall submit an
25 application under subsection (b) during the student's senior
26 year of high school or as otherwise approved by the agency.

27 (d) Issuance of loan.--The following shall apply to the
28 issuance of a loan:

29 (1) The agency shall issue a loan to students who meet
30 the requirements, criteria and conditions under subsections

1 (e) and (f) on a first-come, first-served basis. The agency
2 shall issue not more than 100 loans for the first fiscal year
3 and not more than 50 loans for each subsequent fiscal year.

4 (2) A loan may be issued to a student only upon
5 confirmation of enrollment from an approved institution of
6 higher education in which the student has enrolled full time
7 in an approved course of study. The maximum amount for a loan
8 per student is \$20,000 per year.

9 (3) A loan shall be available for a maximum period of
10 four years and only for completion of a baccalaureate degree.
11 A student shall be required to verify information each year
12 of the period of the loan on a form prescribed by the agency.

13 (4) A loan shall only be used for tuition and
14 institutionally approved educational expenses.

15 (e) Eligibility.--To be eligible to receive a loan, a
16 student must:

17 (1) Be eligible for in-State tuition at an institution
18 of higher education.

19 (2) Possess a cumulative high school grade point average
20 of 3.5 or higher for the student's sophomore, junior and
21 senior years of high school. If a student has attended an
22 alternative education program, the agency shall determine
23 whether the student has met this requirement.

24 (3) Have an annual family income of not more than
25 \$100,000 at the time of application.

26 (4) Be enrolled full time in an approved course of study
27 at an institution of higher education.

28 (f) Conditions.--If a student meets the requirements under
29 subsection (e), a student shall be awarded a loan, provided that
30 the student complies with all of the following:

1 (1) The student enters into a written agreement with the
2 agency to pay 5% of the student's annual salary for 20 years
3 after graduation to the STEM HELP Trust Fund established
4 under section 4.

5 (2) The student enters into a written agreement with the
6 agency to maintain Pennsylvania residency for five years
7 after completion of an undergraduate degree. If the student
8 fails to comply with the terms of the written agreement under
9 this paragraph, the student shall pay an additional 2% of the
10 student's annual salary for the remainder of the agreement
11 under paragraph (1).

12 (3) The student applies for the Free Application for
13 Federal Student Aid each year during the term of the loan,
14 and the student uses all other available Federal and State
15 loans or grants before using the loan under this act.

16 (g) Maintenance.--The following shall apply:

17 (1) A student must remain enrolled full time in an
18 approved course of study and maintain a grade point average
19 of 3.5 or higher during each semester at an approved
20 institution of higher education through the term of the loan,
21 unless the agency determines that there are extenuating
22 circumstances, including, but not limited to, approved
23 medical or personal leave of absence.

24 (2) In the event that a student receives a grade point
25 average below 3.5 during the four years at an approved
26 institution of higher education, the agency shall:

27 (i) If the student receives a grade point average of
28 3.0 or higher, permit the student to receive a loan for
29 one additional semester.

30 (ii) If the student receives a grade point average

1 below 3.0, terminate the loan.

2 (3) In the event a student fails to remain enrolled full
3 time in an approved course of study, the agency shall
4 terminate the loan.

5 (h) Term of loan.--The loan shall be for a maximum of four
6 academic years.

7 (i) Termination or transfer of enrollment.--The following
8 shall apply:

9 (1) Unless otherwise provided under paragraph (3), if a
10 student who has received a loan terminates enrollment at the
11 institution of higher education, the institution of higher
12 education shall notify the agency in writing and shall return
13 all unused portions of the loan.

14 (2) Returned amounts shall be deposited in the STEM HELP
15 Trust Fund established under section 4.

16 (3) A student may transfer a loan from one institution
17 of higher education to another institution of higher
18 education as long as the student continues to be enrolled in
19 an approved course of study. The transfer of a loan shall not
20 extend the four year maximum period of the loan.

21 (j) Loan termination.--If a loan is terminated under
22 subsection (g) or (i), the student shall be required to repay
23 any portion of the loan that was used and not returned to the
24 agency. The agency may permit a student to arrange to repay the
25 loan by a payment plan.

26 Section 6. Administration.

27 (a) Verification.--The agency shall monitor and verify a
28 student's compliance with all the requirements of the program.

29 (b) Enforcement.--The agency shall enforce repayment of all
30 loans for all students who participate in the program under

1 section 5. Enforcement includes use of all lawful collection
2 procedures and the use of private collection agencies.

3 (c) Exclusion from taxation.--No loan received by a student
4 shall be considered taxable income for purposes of Article III
5 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
6 Reform Code of 1971.

7 (d) Repayment.--The student's payment obligation begins in
8 the first calendar year in which the student obtains employment
9 after the student graduated from or stopped attending the
10 approved institution of higher education in which the student
11 was enrolled and the student's adjusted gross income from that
12 employment in that year exceeds the Federal poverty level.

13 (e) Regulations.--The agency shall adopt regulations and
14 procedures necessary to carry out the purposes of this act.

15 Section 7. Report to the General Assembly.

16 Ten years after the effective date of this section, the
17 agency shall provide a report to the General Assembly relating
18 to the implementation and administration of the program, the
19 program's effectiveness and sustainability and any
20 recommendations for changes to the program.

21 Section 8. Publication in Pennsylvania Bulletin.

22 If the question under section 3 is approved by the electors,
23 the Secretary of the Commonwealth shall, within 180 days from
24 the date of approval, forward notice of the approval to the
25 Legislative Reference Bureau for publication in the Pennsylvania
26 Bulletin. The notice shall include the date on which the
27 question was approved.

28 Section 9. Effective date.

29 This act shall take effect as follows:

30 (1) Section 3 and this section shall take effect

1 immediately.

2 (2) The remainder of this act shall take effect upon
3 publication of the notice in the Pennsylvania Bulletin under
4 section 8.