
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 420 Session of
2013

INTRODUCED BY WARD, ALLOWAY, PILEGGI, BROWNE, STACK,
TARTAGLIONE, ERICKSON, GREENLEAF, WHITE, WOZNIAK, MENSCH,
YUDICHAK, SOLOBAY, RAFFERTY, COSTA, SMITH, BOSCOLA, LEACH,
BAKER, VULAKOVICH AND FERLO, FEBRUARY 6, 2013

REFERRED TO EDUCATION, FEBRUARY 6, 2013

AN ACT

1 Providing for middle income student debt reduction.

2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

4 CHAPTER 1

5 GENERAL PROVISIONS

6 Section 101. Short title.

7 This act shall be known and may be cited as the Middle Income
8 Student Debt Reduction Act.

9 Section 102. Definitions.

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

13 "Agency." The Pennsylvania Higher Education Assistance
14 Agency.

15 "Approved institution of higher education." Any institution
16 of higher learning approved by the agency.

1 "Family financial data." Income information submitted to the
2 agency by a middle income student applicant, an applicant's
3 parents and stepparent and the applicant's spouse, as required
4 under 22 Pa. Code § 121.44 (relating to required family
5 financial data).

6 "Financial need." The need of a full-time student or half-
7 time student satisfying the middle income requirement of this
8 act.

9 "Full-time student." A student carrying a full-time academic
10 work load the equivalent of any of the following:

11 (1) Twelve semester credits.

12 (2) Four hundred and fifty clock hours of instruction
13 per academic term.

14 (3) If the schedule of a program of study offered on a
15 clock-hour basis does not permit the equivalent of 450 clock
16 hours of instruction per academic term, 24 clock hours of
17 instruction per week.

18 "Grant program." A grant program administered by the agency
19 under this act.

20 "Half-time student." A student with at least half the
21 academic work load of a full-time student.

22 "Middle income requirement." As follows:

23 (1) A middle income student whose family financial data
24 indicates an annual family income of at least \$80,000 but not
25 more than \$110,000 and has demonstrated financial need as
26 determined by the agency.

27 (2) Beginning July 1, 2014, the agency shall annually
28 adjust the middle income requirement amounts under paragraph

29 (1) to reflect any upward changes in the Consumer Price Index
30 for All Urban Consumers for the Pennsylvania, New Jersey,

1 Delaware and Maryland area in the preceding 12 months.

2 "Middle income student." A full-time or half-time student
3 satisfying the middle income requirement.

4 "Parent." A middle income student's mother, father or legal
5 guardian.

6 Section 103. Legislative purpose.

7 The General Assembly finds as follows:

8 (1) Since 1965, the Pennsylvania Higher Education
9 Assistance Agency has provided over 5,000,000 financial aid
10 awards to needy Pennsylvania students attending and pursuing
11 a postsecondary education through its administration of the
12 PHEAA grant program.

13 (2) The income limits for the agency's student financial
14 assistance program, however, are set at a range that
15 precludes many middle income students from the opportunity of
16 receiving a State grant to pursue their postsecondary
17 endeavors.

18 (3) With the cost of higher education increasing,
19 financial aid should be expanded to reduce debt on middle
20 income students.

21 (4) It is the intent of this General Assembly and the
22 purpose of this act to establish a targeted State grant
23 program to assist the Commonwealth's students from middle-
24 income families and give them the opportunity to continue
25 their program of self-improvement in an approved institution
26 of higher education of their choice.

27 (5) The grant program created shall augment and not
28 replace other State-supported financial aid.

29 CHAPTER 2

30 GRANT PROGRAM

1 Section 201. Administration.

2 This act shall be administered by the agency.

3 Section 202. Agency.

4 (a) Powers and duties.--The agency shall have the following
5 powers and duties:

6 (1) To prepare and supervise the issuance of public
7 information concerning the provisions of the grant program.

8 (2) To prescribe the form and regulate the submission of
9 applications for grants.

10 (3) To determine if an applicant meets middle income
11 requirements and is eligible for a grant under this act.

12 (4) To select qualified recipients.

13 (5) To award the appropriate grants.

14 (6) To determine eligibility for, and annual renewal of,
15 grants.

16 (b) Authorization.--The agency is authorized to make
17 necessary rules, consistent with this act, for the efficient
18 exercise of the functions under subsection (a).

19 Section 203. Additional responsibilities.

20 The agency shall assume the same duties, responsibilities and
21 relationships for this act as for the following:

22 (1) The act of August 7, 1963 (P.L.549, No.290),
23 referred to as the Pennsylvania Higher Education Assistance
24 Agency Act.

25 (2) The act of January 25, 1966 (1965 P.L.1546, No.541),
26 referred to as the Higher Education Scholarship Law.

27 CHAPTER 3

28 ELIGIBILITY

29 Section 301. Eligibility.

30 A student shall be eligible for consideration for a grant if

1 the student meets all of the following criteria:

2 (1) Middle income requirements established under this
3 act.

4 (2) Citizen requirements of 22 Pa. Code § 121.2
5 (relating to citizenship).

6 (3) Domicile requirements of 22 Pa. Code § 121.57
7 (relating to higher education grant domicile).

8 (4) Graduation requirements of 22 Pa. Code § 121.21
9 (relating to requirement for higher education grant
10 applicants).

11 (5) Character and academic promise, as established by
12 the agency.

13 Section 302. Choice.

14 The grant recipient shall be free to attend any approved
15 institution of higher education of the recipient's choice and
16 apply the grant toward the agency's allowable education costs of
17 that institution. The institution shall not be required to
18 accept the grant recipient for enrollment, but may require
19 compliance with its admission requirements, standards and
20 policies.

21 Section 303. Special provisions.

22 (a) Nondiscrimination.--Grant awards must be made without
23 regard to the applicant's race, creed, color, sex, national
24 origin or ancestry.

25 (b) Eligibility.--Students who are declared eligible for
26 first year undergraduate awards but do not receive a grant
27 because they are not able to demonstrate that they meet the
28 middle income requirements may be awarded a grant during their
29 undergraduate study at any time that they are able to
30 demonstrate that they meet the eligibility requirements under

1 this act. Nothing under this act shall preclude a student who
2 fails to meet the middle income requirement from applying for or
3 receiving a grant, loan or award from the agency.

4 (c) Limit.--Undergraduate awards granted during the first
5 year shall be limited to students currently enrolled or accepted
6 for enrollment at an approved institution of higher education.
7 Awards shall be based on the level of appropriation provided
8 annually by the Commonwealth's enacted budget for this program
9 and as determined by the agency. Awards shall be renewable under
10 Chapter 6 and agency policy.

11 (d) Age.--Any middle income student qualifying for a grant
12 may not be disqualified because the student is under 18 years of
13 age. For the purpose of applying for and receiving grants, an
14 individual under 18 years of age shall be deemed to have full
15 legal capacity to act and shall have all the rights, powers,
16 privileges and obligations of an individual of full age.

17 (e) Other grants.--If a student fails to meet the middle
18 income requirements under this act, but meets the requirements
19 of another grant, loan or award issued by the agency, the agency
20 shall notify the student applicant of the other grant, loan or
21 award that the student may be eligible for and direct the
22 student's application to the appropriate administrative office
23 within the agency for consideration, except that a student
24 eligible for an award under this act may not simultaneously be
25 eligible for a Pennsylvania State Grant award.

26 CHAPTER 4

27 SELECTION

28 Section 401. Grouping of applicants.

29 The agency shall select from among current applicants those
30 students currently enrolled or accepted for enrollment in an

1 approved institution of higher education who, in the agency's
2 sole discretion, are successfully pursuing a course of study or
3 who have been accepted as first year undergraduate students and
4 who need financial assistance to complete their educational
5 programs.

6 Section 402. Grant awards.

7 (a) Amount.--The amount of the grant to a middle income
8 student shall be determined on the basis of the financial need
9 of the applicant, the funds available for grants and the number
10 of eligible applicants for grants.

11 (b) Need analysis procedures.--Grants awarded to eligible
12 middle income student applicants shall be determined according
13 to the need analysis procedures established annually by the
14 agency and published in the State Higher Education Grant Program
15 Manual as required under 22 Pa. Code § 121.47 (relating to State
16 Higher Education Grant Program Manual). Financial need shall be
17 computed according to policies established by the agency.

18 CHAPTER 5

19 FUNDS

20 Section 501. Appropriation and financial need.

21 (a) Appropriation.--For fiscal year 2013-2014, the sum of
22 \$36,000,000 is appropriated to the agency for middle income
23 higher education grants. Funding for the middle income higher
24 education grant program shall be provided from an annual
25 appropriation by the General Assembly.

26 (b) Financial need.--All middle income student grant awards
27 will be based on the applicant's financial need. The minimum
28 grant award for middle income students shall be determined
29 annually by the board of directors of the agency. The maximum
30 grant for middle income students shall be established annually

1 by the board of directors of the agency at a level so as to keep
2 expenditures within the funds available through reenactment of
3 appropriations relating to the forward funding of the PHEAA
4 grant program as provided for under the act of March 28, 1974
5 (P.L.228, No.50), referred to as the Higher Education Assistance
6 Continuation Law, and from funds appropriated or made available
7 from Federal, State or other sources for grants during a fiscal
8 year.

9 (c) Limitation.--The total State financial assistance may
10 not exceed the financial need of the applicant or the annual
11 limits established under the authority of this act and the act
12 of August 7, 1963 (P.L.549, No.290), referred to as the
13 Pennsylvania Higher Education Assistance Agency Act. If awards
14 exceed available resources, applicants shall be funded as the
15 agency shall determine.

16 CHAPTER 6

17 GRANT RENEWAL

18 Section 601. Use of grants.

19 (a) Renewal.--

20 (1) Each grant shall be renewable until the program of
21 study is completed, but may not exceed an additional three
22 full-time academic years or its equivalent beyond the first
23 year of the award or an additional four academic years for
24 students enrolled in five-year undergraduate programs of
25 study approved by the agency. Additional years may be
26 consecutive or nonconsecutive years.

27 (2) Qualifications for renewal shall include maintaining
28 satisfactory academic standing, making normal progress toward
29 completion of the course of study and continued eligibility
30 as determined by the agency, including legal Pennsylvania

1 residency.

2 (b) Transfer.--If a grant recipient transfers from one
3 eligible institution to another, the recipient's grant shall be
4 transferable only with the approval of the agency.

5 (c) Additional grants.--The agency shall have the right to
6 use the unused grant funds for additional grants in any fiscal
7 year and in any category.

8 (d) Payments.--Payments of grants shall be made by the
9 agency in accordance with this act and the rules and regulations
10 established by the agency. If the recipient terminates
11 enrollment during the academic year, the unused portion of the
12 grant shall be returned to the agency by the institution
13 according to the institution's own policy for issuing refunds.

14 CHAPTER 7

15 DENIAL

16 Section 701. Procedure.

17 (a) Grounds.--The agency may deny financial assistance to a
18 middle income student that meets any of the following:

19 (1) Is convicted of any of the offenses listed under 22
20 Pa. Code § 121.6 (relating to denial of eligibility for
21 financial assistance).

22 (2) Has been expelled, dismissed or denied enrollment by
23 an approved institution of higher education.

24 (3) Has defaulted on a loan under 22 Pa. Code § 121.4
25 (relating to denial of eligibility to loan defaulters).

26 (b) Appeal.--A middle income student who is denied financial
27 assistance may follow appeal procedures under 22 Pa. Code §
28 121.7 (relating to notice of denial and preliminary review
29 procedures) and 22 Pa. Code § 121.8 (relating to applicant and
30 recipient appeals and hearings).

1 (c) Information.--Each approved institution of higher
2 education shall, within ten business days, furnish to the
3 agency, the name and address of a student who is a resident of
4 this Commonwealth and who is expelled, dismissed or denied
5 enrollment or of whom the approved institution of higher
6 education has knowledge that the student has been convicted of
7 an offense under subsection (a)(1).

8 (d) Refund.--Whenever a recipient fails to complete a term,
9 the agency shall initiate refund procedures under 22 Pa. Code §
10 121.51 (relating to refund of State higher education grants).

11 (e) Status.--Any institution of higher learning which
12 refuses to execute an agreement with the agency to comply with
13 subsection (c) shall be denied the status of an approved
14 institution of higher education under this act.

15 CHAPTER 51

16 MISCELLANEOUS PROVISIONS

17 Section 5101. Effective date.

18 This act shall take effect July 31, 2013, or immediately,
19 whichever is later.