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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

No. **416** Session of  
1961

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INTRODUCED BY MESSRS. SILVERT AND EHRCOOD,  
MARCH 20, 1961.

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REFERRED TO COMMITTEE ON EDUCATION, MARCH 20, 1961.

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**AN ACT**

Creating the Pennsylvania Higher Education Assistance Authority defining its powers and duties conferring powers and imposing duties on the Governor President pro tempore of the Senate Speaker of the House of Representatives Superintendent of Public Instruction and the Department of Banking and making appropriations

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows

EXPLANATION—CAPITAL LETTERS indicate new matter added to bill. Matter stricken through is to be omitted from bill. Underscoring indicates new matter added to existing law. [Brackets] indicate matter stricken from existing law.

1 Section 1 Establishment There is hereby created a body corporate  
2 and politic constituting a public corporation and government instru-  
3 mentality which shall be known as the "Pennsylvania Higher Education  
4 Assistance Authority"

5 Section 2 Purpose The purpose of such authority shall be to im-  
6 prove the higher educational opportunities of persons who are residents  
7 of this State and who are attending approved institutions of higher edu-  
8 cation requiring for admission high school graduation or its equivalence  
9 in this State or elsewhere by lending funds to such persons to assist  
10 them in meeting their expenses of higher education in accordance with  
11 the provisions of this act

12 Section 3 Governing Bodies (a) Such authority shall be governed  
13 and all of its corporate powers exercised by a board of directors which  
14 shall consist of ten members nine of whom shall be appointed as here-  
15 inafter provided and the Superintendent of Public Instruction serving  
16 as a member of such board ex officio Three members shall be appointed  
17 by the Governor three shall be appointed by the President pro tempore  
18 of the Senate and three shall be appointed by the Speaker of the House  
19 of Representatives All members shall be of full age citizens of the  
20 United States and residents of the State and shall be appointed for terms

1 of six years each except that of the members first appointed by the  
2 Governor one shall be appointed for a term which shall expire on June  
3 30 1963 one for a term which shall expire on June 30 1965 and one  
4 for a term which shall expire on June 30 1967 and of the members  
5 first appointed by the President pro tempore of the Senate one shall  
6 be appointed for a term which shall expire on June 30 1963 one for  
7 a term which shall expire on June 30 1965 and one for a term which  
8 shall expire on June 30 1967 and of the members first appointed by  
9 the Speaker of the House of Representatives one shall be appointed  
10 for a term which shall expire on June 30 1963 one for a term which  
11 shall expire on June 30 1965 and one for a term which shall expire  
12 on June 30 1967 The board of directors shall elect from its own mem-  
13 bers each year a chairman and vice chairman who shall serve for terms  
14 of one year and who shall be eligible for reelection for successive terms  
15 No person shall serve as a director longer than until and including the  
16 last day of December in the year in which he shall be seventy years  
17 of age Vacancies shall be filled for the unexpired terms in the same  
18 manner as original appointments Directors shall receive no compensation  
19 for their services but shall be reimbursed for their expenses actually

1 and necessarily incurred by them in the performance of their duties  
2 under this act

3 (b) The board of directors shall provide for the holding of regular  
4 and special meetings Six directors attending shall constitute a quorum  
5 for the transaction of any business and unless a greater number is  
6 required by the by-laws of the authority the act of a majority of the  
7 directors present at any meeting shall be deemed the act of the board

8 (c) The board of directors shall adopt by-laws for the authority  
9 and may appoint such officers and employes as it deems advisable and  
10 may fix their compensation and prescribe their duties

11 (d) The board of directors may elect an executive committee of  
12 not less than five members who in intervals between meetings of the  
13 board may transact such business of the authority as the board may  
14 from time to time authorize Unless otherwise provided by the by-laws  
15 of the authority a majority of the whole of such committee attending  
16 shall constitute a quorum for the transaction of any business and the  
17 act of a majority of the members of the executive committee present  
18 at any meeting thereof shall be the act of such committee

19 Section 4 Powers and Duties In furtherance of the purposes set  
20 forth in this act the board of directors shall have the following powers

1 (1) To lend money upon such terms and conditions as the board  
2 may prescribe within the limitations contained herein and at a rate  
3 of interest to be determined by the authority to persons who are resi-  
4 dents of this State and who are attending any approved institution of  
5 higher education eligible under this act in this State or elsewhere  
6 and have satisfactorily completed one year of post secondary work to  
7 assist them in meeting their expenses of higher education No such  
8 person shall receive any loan or loans in excess of one thousand dollars  
9 (\$1000) for any school year of two semesters and no such person shall  
10 receive a total of more than five thousand dollars (\$5000) Such loans  
11 shall become due and payable six months after leaving the institution  
12 and the board of directors shall have the power to extend this time  
13 for a period not to exceed five years and to provide for monthly pay-  
14 ments during this extended period and to guarantee the loans of money  
15 upon such terms and conditions as the board may prescribe to persons  
16 who are residents of the State and who are attending institutions quali-  
17 fied under this act in this State or elsewhere to assist them in meeting  
18 their expenses of higher education Provided however That no loan to  
19 such a person shall be guaranteed to an amount in excess of one thou-  
20 sand dollars (\$1000) for any school year and that the total loan to such

1 person shall not be guaranteed in an amount of more than five thou-  
2 sand dollars (\$5000)

3 (2) To take hold and administer on behalf of the authority and  
4 for any of its purposes real property personal property and moneys or  
5 any interest therein and the income therefrom either absolutely or in  
6 trust for any purpose of the authority The board of directors may  
7 acquire property or moneys for such purpose by purchase or lease and  
8 by the acceptance of gifts grants bequests devises or loans but no  
9 obligation of the authority shall be a debt of the State and the au-  
10 thority shall have no power to pledge the credit or taxing power of  
11 the State nor to make its debts payable out of any moneys except  
12 those of the corporation

13 (3) To enter into contracts with qualifying institutions of post  
14 secondary education upon such terms as may be agreed upon between  
15 the authority and any such institution to provide for the administration  
16 by such institutions of any loan or guarantee of a loan made by the  
17 authority including applications therefor and repayment thereof:

18 (4) To adopt rules and regulations not inconsistent with law gov-  
19 erning the application for and the granting administration and repay-

1 ment of loans made by the authority and governing any other matters  
2 relating to the activities of the authority

3 (5) To perform such other acts as may be necessary or appropriate  
4 to carry out effectively the objects and purposes of the authority as  
5 specified in this act

6 Section 5 Capacity of Minors Any person otherwise qualifying  
7 for a loan from the authority or qualifying for a loan guaranteed by  
8 the authority shall not be disqualified by reason of his being under  
9 the age of twenty-one years and for the purpose of applying for re-  
10 ceiving and repaying such loan any such person shall be deemed to have  
11 full legal capacity to act and shall have all the rights powers privileges  
12 and obligations of a person of full age with respect thereto

13 Section 6 Contributions to Authority Tax Deduction Thereof Not-  
14 withstanding the provisions of any general or special law or the provi-  
15 sions of any certificate of incorporation chapter or other articles of  
16 organization any person and all corporations or associations organized  
17 for the purpose of carrying on business in this State or authorized to  
18 do business in this State are hereby authorized to make contributions  
19 to the Pennsylvania Higher Education Assistance Authority and such

1 contributions shall be allowed as deductions in computing the net tax-  
2 able income of any such person corporation or association for purposes  
3 of any income tax imposed by the State of Pennsylvania

4 Section 7 Tax Exemption of Corporation The property income  
5 and activities of the Pennsylvania Higher Education Assistance Au-  
6 thority shall be exempt from all taxes and assessments except that any  
7 bonds or other obligations of the authority and the income therefrom  
8 shall not be exempt from taxation by virtue of this section

9 Section 8 Supervision and Reports The Pennsylvania Higher Edu-  
10 cation Assistance Authority shall be subject to the supervision and  
11 examination of the Department of Banking but shall not be deemed  
12 to be a banking organization nor required to pay a fee for any such  
13 supervision or examination Such authority shall make an annual report  
14 of its condition to the Governor the Legislature and the Department  
15 of Banking on or before June 1 of each year

16 Section 9 Dissolution Upon the dissolution of the Pennsylvania  
17 Higher Education Assistance Authority or the cession of its activities  
18 all the property and moneys of such corporation in excess of its ob-  
19 ligations shall revert to the Commonwealth

1       Section 10 Funds Appropriations (a) The sum of two hundred fifty  
2 thousand dollars (\$250,000) is hereby specifically appropriated to the  
3 authority to be deposited in the Higher Education Assistance Fund  
4 hereby created which shall be held as a reserve to guarantee payment  
5 of possible losses for loans guaranteed under the provisions of this act

6       (b) The sum of fifty thousand dollars (\$50,000) is hereby appro-  
7 priated to the authority for the payment of expenses in carrying out  
8 the provisions of this act Annually on September 1 all sums in the  
9 fund in excess of three hundred thousand dollars (\$300,000) shall be  
10 transferred to the General Fund until the total sum of fifty thousand  
11 dollars (\$50,000) is transferred thereto

12       Section 11 The Pennsylvania Higher Education Assistance Author-  
13 ity shall not be subject to any provisions of the act of May 15 1933  
14 (P L 624) known as the "Banking Code"

15       Section 12 This act shall take effect immediately

We certify that this bill has passed the Senate and the House of  
Representatives.

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Chief Clerk, Senate

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President pro tempore, Senate

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Speaker, House of Representatives

Approved The ..... day of ..... A. D. 1961.

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Governor