
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. **738** Session of
1961

INTRODUCED BY MR. EHRCOOD, JUNE 6, 1961.

REFERRED TO COMMITTEE ON EDUCATION, JUNE 6, 1961.

AN ACT

Providing for assistance to needy Pennsylvania students desiring to attend institutions of higher education within the Commonwealth creating the Pennsylvania Higher Education Assistance Authority defining the powers and duties of its board of directors and making an appropriation

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 Short Title This act shall be known and may be cited as
2 the "Students Assistance Act"

3 Section 2 Definitions The following words and phrases when used
4 in this act shall for the purposes of this act have the following meanings
5 respectively except in those instances where the context clearly in-
6 dicates a different meaning

7 "Authority" The Pennsylvania Higher Education Assistance Au-
8 thority created by this act

9 "Eligible Students" Shall mean a resident of this Commonwealth
10 who is (i) enrolled and in satisfactory standing or accepted for enroll-
11 ment in an institution of higher education and (ii) in need of assistance
12 in meeting his expenses of higher education due to the unavailability
13 or inadequacy of personal or family resources and who would otherwise
14 be unable to continue his education

15 "Financial Institution" Shall mean any banking corporation na-
16 tional bank trust company insurance company or any business firm en-
17 gaged primarily in lending or investing funds and authorized to do
18 business in the Commonwealth of Pennsylvania

19 "Institutions of Higher Education" Those institutions located in
20 the Commonwealth requiring for admission high school graduation or its

1 equivalent which are approved by the State Council of Education and
2 the Authority

3 "Loan Applicant" Shall mean a resident of this Commonwealth
4 who is enrolled and in satisfactory standing or accepted for enrollment
5 in an institution of higher education or the parent or guardian of such
6 a resident

7 "Scholarships" Shall mean grants of money in the amounts herein-
8 after set forth to eligible students by the board on the basis of competi-
9 tive examinations to enable such students to attend institutions of
10 higher education in the Commonwealth of Pennsylvania Scholarships
11 shall be of two classes

12 (1) Class A One thousand competitive scholarships of the value
13 of two hundred dollars (\$200) per year for four years to be used at any
14 institution of higher education in the State of Pennsylvania At least six
15 Class A scholarships shall be awarded to residents in each county In
16 any county where there are two or more senatorial districts at least six
17 Class A scholarships shall be awarded to residents in each district

18 (2) Class B Six hundred competitive scholarships of the value of the
19 tuition of the institution of higher education per year for four years to
20 be used at institutions of higher education which are not State-owned or

1 State-aided Twelve Class B scholarships shall be awarded to residents
2 in each senatorial district

3 Section 3 Pennsylvania Higher Education Assistance Authority

4 (a) There is hereby created a body corporate and politic constitut-
5 ing a public corporation and government instrumentality which shall be
6 known as the "Pennsylvania Higher Education Assistance Authority"

7 (b) The Authority shall be governed by and all of its corporate
8 powers exercised by a board of directors which shall consist of nine
9 members and the Secretary of Banking and the Superintendent of
10 Public Instruction who shall be members ex officio without votes The
11 nine members shall be the Governor the President Pro Tempore of the
12 Senate the Speaker of the House of Representatives and two members
13 appointed by the Governor two appointed by the President Pro Tempore
14 of the Senate and two appointed by the Speaker of the House of Rep-
15 resentatives The Governor the President Pro Tempore of the Senate
16 and the Speaker of the House of Representatives may designate repre-
17 sentatives to attend meetings of the board on their behalf and when so
18 designated such representatives shall have the powers of members The
19 board shall elect from its members each year a chairman and vice chair-
20 man

1 (c) The board shall provide for the holding of regular and special
2 meetings Six members attending shall constitute a quorum for the
3 transaction of any business

4 Section 4 Board of Directors Powers and Duties In furtherance of
5 the purposes set forth in this act the board shall have the following
6 powers and duties

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

16 (2) To raise money by issuing bonds or other forms of indebtedness
17 both secured and unsecured Indebtedness may be secured by mortgage
18 or pledge of its property

19 (3) To appoint an executive director and such other employes re-

1 quired to carry out the provisions of this act and to set the compensa-
2 tion of each

3 (4) To adopt bylaws rules and regulations not inconsistent with law
4 governing the application for and the granting and administration of
5 scholarships loans and any other matters relating to the activities of
6 the Authority

7 (5) To set and apply standards of need for scholarships Provided
8 however That the eligibility of a student shall not be affected by the
9 receipt of other scholarships grants or loans for educational purposes

10 (6) To undertake and administer any student assistance program
11 resulting from private contributions donations bequests devises or loans

12 (7) The Authority may guarantee unsecured personal loans granted
13 by any financial institution to any loan applicant for the purpose of
14 furthering a program of higher education The Authority shall maintain
15 a fund contributed to by business corporations foundations and indivi-
16 duals and against this fund may guarantee up to eighty percent of the
17 payment of the principal amount due on such loans The guarantee fund
18 shall maintain a reserve of eight percent on total loans and ten percent
19 on total liability

1 (8) To enter into contracts with financial institutions and institu-
2 tions of higher education upon such terms as may be agreed upon to
3 provide for the administration by such institutions and the Authority of
4 any loan or scholarship made pursuant to this act

5 (9) To perform such other acts as may be necessary or appropriate
6 to carry out effectively the objects and purposes of this act

7 Section 5 Scholarships The board shall conduct or cause to be con-
8 ducted a uniform examination of all eligible students and shall rank
9 and list the scores attained by such students by counties and senatorial
10 districts except in the case where there are two or more senatorial dis-
11 tricts in the county in which case no county list shall be prepared The
12 scholarships shall be offered to the highest ranking students on each list
13 provided that no student shall be granted more than one scholarship Any
14 student awarded a scholarship under this act shall retain the benefits
15 thereof only so long as he maintains himself as a student in good stand-
16 ing in an institution of higher education

17 Section 6 Loans Any other provisions of law notwithstanding fi-
18 nancial institutions may grant to loan applicants unsecured personal
19 loans at a rate of interest not less than three and one-half percent nor
20 more than five and one-half percent No loan or loans in excess of five

1 hundred dollars (\$500) for any school year or a total of two thousand
2 dollars (\$2,000) shall be approved or guaranteed by the Authority All
3 loans made pursuant to this act shall become due and payable six months
4 after graduation except that the borrower may elect at his option to re-
5 new the loan or loans for up to three years with payments to be made in
6 monthly installments

7 Section 7 Contributions to the Authority Tax Deductions Thereof
8 Notwithstanding the provisions of any general or special law or the pro-
9 visions of any certificate of incorporation chapter or other articles of
10 organization any person and all corporations or associations organized
11 for the purpose of carrying on business in this State or authorized to
12 do business in this State are hereby authorized to make contributions to
13 the Authority and such contributions shall be allowed as deductions in
14 computing the net taxable income of any such person corporation or
15 association for purposes of any income tax imposed by the State of
16 Pennsylvania

17 Section 8 Tax Exemption of Authority The property income and
18 activities of the Pennsylvania Higher Education Assistance Authority
19 shall be exempt from all taxes and assessments

1 Section 9 Capacity of Minors Any loan applicant otherwise qualify-
2 ing for a loan or qualifying for a loan guaranteed by the Authority
3 shall not be disqualified by reason of his being under the age of twenty-
4 one years and for the purpose of applying for receiving and repaying
5 such loan any such person shall be deemed to have full legal capacity
6 to act and shall have all the rights powers privileges and obligations of a
7 person of full age with respect thereto

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

15 Section 11 Repeals Section 1612 act of March 10 1949 (P L 30)
16 known as the "Public School Code of 1949" is repealed absolutely

17 Section 12 Appropriation The sum of one million dollars (\$1,000,-
18 000) or as much thereof as may be necessary is hereby appropriated to

1 the Pennsylvania Higher Education Assistance Authority for the pur-
2 pose of granting the scholarships and administering the scholarships
3 and loan programs provided in this act

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