

18A:72-2 et al

LEGISLATIVE HISTORY CHECKLIST

H.R.S.A. 18A:72-2 et al (Higher Education Assistance Authority Law-- allows loans to out-of-state students)

LAWS OF 1977 CHAPTER 191

Bill No. A3282

Sponsor(s) Newman and others

Date Introduced April 28, 1977

Committee: Assembly Education
Senate -----

Amended during passage Yes No Substituted for S3250 (Not enclosed-- identical to A3282)

Date of Passage: Assembly May 9

Senate May 23

Date of approval August 24, 1977

Following statements are attached if available:

Sponsor statement Yes No
Committee Statement: Assembly Yes No
Senate Yes No
Fiscal Note Yes No
Veto Message Yes No
Message on signing Yes No

Following were printed:

Reports Yes No
Hearings Yes No

See: 974.90 N.J. Commission on Financing Postsecondary Education.
C697 Financing in an era of uncertainty; final
1977c report. March, 1977.
(See part II--especially Recommendation 9 and Recommendation 13).

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M.S. 103

ASSEMBLY, No. 3282

STATE OF NEW JERSEY

INTRODUCED APRIL 28, 1977

By Assemblymen NEWMAN, MARTIN, Assemblywoman MUHLER,
Assemblymen EWING and HAWKINS

Referred to Committee on Education

AN ACT concerning student loans, and amending the "Higher Education Assistance Authority Law," sections 18A:72-2, 18A:72-9, 18A:72-10 and 18A:72-11 of the New Jersey Statutes and P. L. 1974, c. 157.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. N. J. S. 18A:72-2 is amended to read as follows:

2 18A:72-2. As used in this chapter, unless the context indicates
3 another or different meaning, the following words shall have the
4 following meanings:

5 "Authority" means the higher education assistance authority
6 created by this chapter, or any board, body, commission, depart-
7 ment or officer succeeding to the principal functions thereof or to
8 whom the powers conferred upon the authority by this chapter
9 shall be given by law,

10 "Bond" means bonds or notes of the authority issued pursuant
11 to this chapter.

12 "Lender" includes the authority and any [financial] institution
13 authorized to make loans under section 18A:72-9,

14 "Fund" means higher education assistance fund,

15 "Other eligible institution" means a business or trade school,
16 or technical institution or other technical or vocational school, in
17 any State which (1) admits as regular students only persons who
18 have completed or left elementary or secondary school and who
19 have the ability to benefit from the training offered by such institu-
20 tion; (2) is legally authorized to provide, and provides within that
21 State, a program of post-secondary vocation or technical education
22 designed to fit individuals for useful employment in recognized
23 occupations; (3) has been specially accredited by the Federal

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

24 Commissioner of Education or by an accrediting agency recognized
25 by him or has been approved by the authority.

26 "Post-secondary nondegree institution of higher education"
27 means a county college or a junior college licensed or approved by
28 the Department of Higher Education, operated in accordance with
29 rules and regulations of the Board of Higher Education or a trade
30 or business school otherwise licensed or approved and operated and
31 requiring a high school diploma or its equivalent for admission
32 and offering a course or courses of study with a minimum length of
33 2 academic years and of not less than 1,800 hours in any one or
34 more of the following fields :

- 35 A. Accounting and finance,
- 36 B. Airframe and power plant mechanics,
- 37 C. Automotive mechanics,
- 38 D. Commercial art,
- 39 E. Drafting and design technology (aeronautical, architectural,
40 electronic, mechanical, structural, tool and die),
- 41 F. Economic engineering,
- 42 G. Electronics,
- 43 H. Fashion and textile design,
- 44 I. Higher accounting and business administration,
- 45 J. Industrial management technology,
- 46 K. Medical and X-ray technology,
- 47 L. Metallurgical technology,
- 48 M. Secretarial (administrative, executive, legal, medical, data
49 processing),
- 50 N. Terminal courses or college credit transfer courses in liberal
51 arts and sciences.

1 2. N. J. S. 18A :72-9 is amended to read as follows :

2 18A :72-9. The authority, or any financial or credit institution
3 (including an insurance company) which is subject to the examina-
4 tion and supervision of the Department of Banking **[and]** *or the*
5 *Department of Insurance* of this State or by an agency of the
6 United States, any Federal credit union, and any national bank
7 organized under the acts of Congress of the United States and
8 doing business in this State and any Federal savings and loan
9 association having its principal office in New Jersey *or any eligible*
10 *educational institution located in New Jersey and having its prin-*
11 *cipal office in New Jersey, and approved as a lender by the author-*
12 *ity, may make loans under this chapter pursuant to such rules not*
13 *inconsistent with this chapter and by the use of such forms, as*
14 *the authority shall prescribe.*

1 3. Section 2 of P. L. 1974, c. 157 (c. 18A :72-9.2) is amended to
2 read as follows :

3 2. In order to insure that the citizens of New Jersey are aware
 4 that loans may be obtained by eligible students under the provisions
 5 of *applicable Federal law and* the "Higher Education Assistance
 6 Authority Law," N. J. S. 18A:72-1 et seq., without the necessity
 7 of demonstrating financial need[,] *necessary to qualify for interest*
 8 *subsidy benefits*, the authority shall immediately and prior to each
 9 academic year hereafter take suitable action to inform and advise
 10 the public, through advertisement or any other means, of the
 11 criteria for and availability of loans for students under the provi-
 12 sions of said law.

1 4. N. J. S. 18A:72-10 is amended to read as follows:

2 18A:72-10. The authority shall have the following powers:

3 (1) (a) To make loans to persons or to assist in the placing of
 4 loans to persons, who are residents of this State, and who are
 5 attending and are in good standing in, or who plan to attend, any
 6 qualified institution of collegiate grade, located in this State or
 7 elsewhere, which is approved by any regional accrediting associa-
 8 tion recognized by the national commission on accrediting, or
 9 approved by the Board of Higher Education, any qualified post-
 10 secondary nondegree institution of higher education, located in
 11 this State or elsewhere, or any other eligible institution, *or to per-*
 12 *sons who reside outside this State and who are enrolled in an*
 13 *eligible educational institution located within this State*, in order
 14 to assist them in meeting their expenses of higher education, and
 15 to guarantee such loans upon such terms and conditions as the
 16 authority may prescribe, in an amount for any academic year or
 17 in total as may be authorized by the New Jersey Higher Education
 18 Assistance Authority and approved by the Board of Higher Educa-
 19 tion; provided, however, that such amounts may not exceed in any
 20 given year or in total amount that which is guaranteed by the
 21 Federal Government.

22 For the purposes of this section, a qualified institution of
 23 collegiate grade shall be deemed to include a school of professional
 24 nursing accredited or approved by the New Jersey Board of
 25 Nursing, and a qualified post-secondary nondegree institution of
 26 higher education located outside the State shall mean and include
 27 any such institution offering courses in one or more of the fields
 28 enumerated, and meet the admission standards set forth in N. J. S.
 29 18A:72-2.

30 (b) When the authority determines that higher annual or cumula-
 31 tive student loan limits than those established in section (1) (a)
 32 are warranted in order to carry out the purposes of the statute
 33 with regard to students engaged in high cost graduate or profes-

34 sional education, the authority may make or guarantee loans to
 35 eligible students in amounts to correspond to those higher limits,
 36 provided that such maximum limits are recommended by the
 37 authority and approved by the Board of Higher Education.

38 (2) To adopt rules not inconsistent with law governing the
 39 application for and the guarantee of loans made by the authority
 40 and governing any other matters related to its activities.

41 (3) To buy and sell approved notes evidencing loans made under
 42 this chapter, and to buy and sell participations in approved notes
 43 made pursuant to this chapter.

44 (4) From time to time to issue its negotiable bonds and bond
 45 anticipation notes for the purpose of providing funds (a) to make
 46 loans in accordance with the provisions of subsection (1) of this
 47 section; (b) to purchase from lenders approved notes or par-
 48 ticipations in approved notes as provided by law; and (c) for the
 49 refunding of outstanding bonds.

50 (5) To perform any other acts which may be deemed necessary
 51 or appropriate to carry out the objects and purposes of this
 52 chapter.

1 5. N. J. S. 18A:72-11 is amended to read as follows:

2 18A:72-11. Any application for a loan under this chapter shall
 3 be submitted to the authority for its approval, and the authority
 4 shall approve the same only if it finds that the applicant;

5 a. (1) Has been a resident of New Jersey for a period of not less
 6 than 6 months immediately preceding the date of his application for
 7 such loan, and has demonstrated high moral character, good citizen-
 8 ship and dedication to American ideals [; and], or

8A (2) *Is a resident of a State other than this State, and has been*
 8B *admitted to, or is in regular attendance at and is in good standing*
 8C *in, an eligible educational institution located within this State; and*

9 **[2]** b. Intends to make application for admission to, or has been
 10 admitted to, or is in regular attendance at and is in good standing
 11 in, a qualified institution of collegiate grade approved by any
 12 regional accrediting association recognized by the national com-
 13 mission on accrediting, or approved by the board of higher educa-
 14 tion, a qualified post-secondary nondegree institution of higher
 15 education or any other eligible institution; and

16 **[(3)]** c. Has demonstrated financial need for such loan as deter-
 17 mined by the standards and procedures established by the authority
 18 and has complied with all rules adopted by the authority pursuant
 19 to this chapter in connection with the granting of such loans.

1 6. This act shall take effect immediately.

STATEMENT

Under recent amendments to Federal law, the Federal Government will provide funds to defray certain costs relating to student loans if higher education assistance authorities meet certain criteria. In order for the Higher Education Assistance Authority to qualify these statutory amendments are required. By allowing eligible educational institutions to qualify as lenders, the Authority will be eligible for 100% reinsurance of defaulted student loans instead of the present 80%. This will mean an additional advance of approximately \$1.8 million per annum for the Reserve Fund to purchase defaulted student loans. By meeting this criterion, the Authority also becomes eligible for an administrative cost allowance not to exceed 1/2 of 1% of the total amount of loans guaranteed during the preceding fiscal year. This means that approximately \$650,000.00 will be made available to the Authority for reimbursement of certain administrative costs. The bill also makes some minor technical changes to bring language in conformity with other existing statutes.

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FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

AUGUST 25, 1977

KATHY FORSYTH

Governor Brendan Byrne has signed a bill which amends the statutes governing the Higher Education Assistance Authority (HEAA) to provide that institutions of higher education can be approved as eligible lenders by the HEAA and that out-of-state residents enrolled in New Jersey institutions are eligible for loans.

The bill, A-3282, was sponsored by Assemblyman Daniel Newman (D-Ocean).

The measure was required in order for the HEAA to qualify for federal funds to defray costs.

By allowing eligible education institutions to qualify as lenders, the HEAA will be eligible for 100 per cent reinsurance on defaulted loans instead of the former 80 per cent. This 100 per cent reinsurance of defaulted loans will mean an additional annual federal appropriation of approximately \$1.8 million for the HEAA's Reserve Fund to purchase defaulted student loans.

These additional federal funds will allow the Department of Higher Education to use more of its state appropriation to grant more guaranteed loans.

Through the enactment of the bill, the HEAA is also eligible to receive an administrative cost allowance from the federal government totalling approximately \$650,000.

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