

18A:72-10

LEGISLATIVE HISTORY CHECKLIST

NJSA 18A:72-10

Laws of 1975 Chapter 167

Bill No. A3322

Sponsor(s) Martin

Date Introduced April 14, 1975

Committee: Assembly Education

Senate Education

Amended during passage Yes ~~NO~~

Date of passage: Assembly May 1, 1975

Senate July 14, 1975

Date of approval July 25, 1975

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~~

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ASSEMBLY, No. 3322

STATE OF NEW JERSEY

INTRODUCED APRIL 14, 1975

By Assemblyman MARTIN

Referred to Committee on Education

AN ACT concerning loans to certain graduate and professional students and amending N. J. S. 18A:72-10.

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

1 1. 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, in order
12 to assist them in meeting their expenses of higher education, and
13 to guarantee such loans upon such terms and conditions as the
14 authority may prescribe, in an amount for any academic year or
15 in total as may be authorized by the New Jersey Higher Education
16 Assistance Authority and approved by the Board of Higher Educa-
17 tion; provided, however, that such amounts may not exceed in any
18 given year or in total amount that which is guaranteed by the
19 Federal Government.

20 For the purposes of this section, a qualified institution of
21 collegiate grade shall be deemed to include a school of professional
22 nursing accredited or approved by the New Jersey Board of
23 Nursing, and a qualified post-secondary nondegree institution of
24 higher education located outside the State shall mean and include
25 any such institution offering courses in one or more of the fields

26 enumerated, and meet the admission standards set forth in N. J. S.
27 18A:72-2.

28 (b) *When the authority determines that higher annual or cumula-*
29 *tive student loan limits than those established in section (1) (a)*
30 *are warranted in order to carry out the purposes of the statute*
31 *with regard to students engaged in high cost graduate or profes-*
32 *sional education, the authority may make or guarantee loans to*
33 *eligible students in amounts to correspond to those higher limits,*
34 *provided that such maximum limits are recommended by the*
35 *authority and approved by the Board of Higher Education, and*
36 *are not in excess of 50% above the existing annual or total amounts*
37 *which may be guaranteed under Federal statutes.*

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 2. This act shall take effect immediately.

STATEMENT

Rising educational costs in the area of graduate and professional education pose a critical problem regarding availability of educational loans, as students at this level often face factors of accumulated undergraduate indebtedness and additional costs to support dependents. At the same time, these students generally will enter professions that will enable them to repay higher than average indebtedness. This bill recognizes this problem by enabling the Higher Education Assistance Authority to adjust maximum guaranteed loan limits for eligible graduate and professional students to a limit of 50% above the amounts guaranteed by Federal statutes. All other loan and guaranty powers of the authority are unchanged.

SENATE EDUCATION COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3322

STATE OF NEW JERSEY

DATED: JUNE 16, 1975

PROVISIONS OF THE BILL

This bill increases to 50% above the Federally guaranteed maximum the amount available under the Guaranteed Student Loan Program for students enrolled in high cost graduate or professional programs, if recommended by the New Jersey Higher Education Assistance Authority and approved by the Board of Higher Education.

The current maximum is \$2,500 a year with a cumulative total of \$10,000. Under this bill, the maximum would be \$3,750 annually with a cumulative total of \$15,000. The undergraduate maximum would continue to be \$10,000. Theoretically, a graduate student with no previous loans under the Guaranteed Student Loan Program could borrow the entire \$15,000 to finance graduate or professional studies.

FISCAL IMPLICATIONS

The federally guaranteed maximum would remain \$10,000. The State would guarantee the additional \$5,000. No initial appropriation is necessary. Future State funding is dependent upon the willingness of private lenders to participate. However, loans for graduate education are considered to be low risk loans, and generally the default rate on Guaranteed Student Loans is extremely low. Less than 1% of the \$300 million New Jersey loans in force are uncollectible.

BACKGROUND

Problems have arisen for graduate students, especially in the College of Medicine and Dentistry, who have exhausted the Guaranteed Student Loan maximum by their second or third year of graduate study. It is estimated that approximately 100 students would avail themselves of these loans in 1975-76. Currently, the only loans available to these students would be personal installment loans from banks (N. J. S. A. 17:9A-53 et seq.) to a maximum of \$5,500 at 11.78% interest, repayable in 3 years and one month; or, moneys under the "Small Loan Law" (N. J. S. A. 17:10-14) at an interest rate of 24% on the first \$500, 22% on the next \$1,000 and 18% on the remainder. The amount available

has been raised to \$2,500 (P. L. 1975, c. 46). These moneys must be repaid while the student is still in school.

The graduate student aid program here proposed carries the same terms, conditions and interest rates as specified in the current Guaranteed Student Loan Program. There will be 7% simple interest, repayable beginning 9 months after graduation with a minimum of 5 and maximum of 10 years to fully repay the loan.

The Senate Education Committee finds that this is a needed extension of the Guaranteed Student Loan Program, in order to provide financial assistance to eligible students pursuing a graduate or professional degree. The initial recipients would be primarily in the medical, dental and allied health fields.

FROM THE OFFICE OF THE GOVERNOR

JULY 25, 1975

FOR MEMORANDUM TO THE GOVERNOR

FOR IMMEDIATE RELEASE

BICK CAMPBELL

Governor Brendan Byrne today signed into law a bill which increases the maximum annual or cumulative student loans granted to graduate students by the New Jersey Higher Education Assistance Authority.

The measure, A-3322, sponsored by Assemblyman Harold Martin, D-Bergen, enables the authority of up to 50 per cent above the existing annual or cumulative limits. The existing maximum cumulative loan is \$10,000.

The bill applies to students engaged in high-cost graduate or professional education.

Martin said the bill is aimed primarily at assisting medical and dental students in meeting rising tuition costs.

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