

No. 585, S.]

[Published September 30, 1961.

**CHAPTER 506**

AN ACT to repeal 20.670 (47) (a); to renumber and amend 20.670 (47) (intro. par.); to amend 49.42 (1); and to create 20.670 (7) and (47) (b) and 25.17 (3) (bf) of the statutes, relating to the authority of the state investment board to purchase student loans from the state department of public welfare.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 20.670 (7) of the statutes is created to read:

20.670 (7) Biennially, beginning July 1, 1961, \$100,000 to supplement the appropriation made by sub. (47). The sum appropriated in this subsection shall not become available unless released by the board on government operations. The board on government operations shall release sums from this appropriation when it determines that the appropriation made by sub. (47) is not adequate to make loans to needy students as provided by s. 49.42 or to repay investments authorized under s. 25.17 (3) (bf).

SECTION 2. 20.670 (47) (intro. par.) of the statutes is renumbered 20.670 (47) (a) and amended to read:

20.670 (47) (a) All moneys repaid on loans made before March 28, 1935, the effective date of ch. 17, laws of 1935, under s. 7 (6) (c) of ch. 363 or ch. 10, laws of special session 1933-34; any balances remaining under said provisions on March 28, 1935; and all moneys repaid on loans made after March 27, 1935, under ch. 17, laws of 1935; and all moneys repaid on loans hereafter made under s. 49.42 \* \* \* shall within one week of receipt be paid into the general fund and credited to this appropriation *except that repayments on loans made pursuant to par. (b) shall be credited to the appropriation made by said paragraph. As of July 1 and January 1 of each year the balance in this appropriation shall be allocated in accordance with the following priorities: (1) payment to the state of Wisconsin investment board for the losses sustained as defined in par. (b); (2) cost of administering loans to needy students; (3) additional loans to needy students in accordance with s. 49.42.* [To provide additional funds for loans to needy students, \$200,000 is appropriated from the *general purpose revenues of the general fund* \* \* \* on July 1, 1960 to increase the available funds under this subsection.]

SECTION 3. 20.670 (47) (b) of the statutes is created to read:

20.670 (47) (b) The proceeds from loans sold to the state of Wisconsin investment board pursuant to s. 25.17 (3) (bf) shall be credited to this appropriation to be used for additional loans to students in accordance with s. 49.42. Loans so sold shall be segregated on the records of the department and principal collections thereon together with interest received from all student loans outstanding shall be remitted after the close of each month to the investment board. Not later than 90 days after July 1 and January 1 of each year the state of Wisconsin investment board shall determine and certify to the department of public welfare the amount of any loss sustained during the 6-month period prior to said July 1 and January 1, respectively, on account of loans purchased pursuant to s. 25.17 (3) (bf). The amount of such loss shall consist of principal amounts of such loans which are more than 12 months past due in accordance with the due dates of the original note securing any particular student loan and the amount of income loss arising by reason of student loans. The income loss shall be the difference between the amount of interest income received during the 6-month fiscal period from all such student loans outstanding and the amount that would have been received thereon at the greater of the average rate of interest income during the 6-month fiscal period from all investments of the state investment fund or 4 per cent. The amount of loss so certified by the state of Wisconsin investment board shall, each period, be paid to the board out of the appropriation made by par. (a).

SECTION 4. 20.670 (47) (a) of the statutes is repealed.

SECTION 6. 25.17 (3) (bf) of the statutes is created to read:

25.17 (3) (bf) To invest sums not exceeding \$5,000,000 outstanding at any one time of the balances of the general fund through purchase from the state department of public welfare of loans to needy students granted under s. 49.42. Such loans initially shall be made by the state department of public welfare from the appropriations provided in s. 20.670 (47). Despite the specific provisions of sub. (1), the responsibility for collection of the interest and principal on such loans to students shall rest in the state department of public welfare, and the function of the investment board shall be limited to purchasing such loans at such times and in such amounts as it chooses, and to periodically receiving from the appropria-

tions made by s. 20.670 (47) payments of principal and interest collected by the department of public welfare and the amount of losses, as defined in s. 20.670 (47) (b), sustained due to such loans.

SECTION 7. 49.42 (1) of the statutes is amended to read:

49.42 (1) *The legislature finds that loans to needy students are for a public purpose in that the development of human resources is vital to a healthy state economy and that qualified residents of the state who are unable to continue their education may become additions to the number of unemployed.* From the appropriation provided by s. 20.670 (47), the department shall make loans to qualified residents of the state who have good academic records to that point, are in financial need and possess qualities of leadership, and are desirous of attending or currently are attending the university, the state colleges, or other educational institutions in this state of like rank above the high school and county teachers' colleges.

SECTION 8. This act shall take effect on the first day of the month following its passage and publication, but not earlier than July 1, 1961.

Approved September 20, 1961.

---