

Assembly Bill 1086

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Chapter 566

AN ACT to repeal 39.023 (8) (d) and 49.42; to renumber 39.023 (4m), (5), (6), (8) (a), (b) and (c), (9) and (10); to amend 25.17 (3) (bf); and to create 20.415 (3) and 39.023 (7) and (8) of the statutes, as affected by the laws of 1965, relating to loans to resident students in institutions of higher education, and making appropriations.

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

SECTION 1. At the appropriate place in the schedule of 20.005 (2) (a) of the statutes insert the following amounts for the purposes indicated:

		1966-67
<i>Higher educational aids, state commission for</i>		
Student loans	20.415 (3)	\$[6,313,169]
General purpose revenue		(430,800)
Interest and admin.	(a) A	430,800
Program revenue		(5,882,369)
Loans	(g) C	5,500,000
Interest payments	(h) C	
Gifts and grants	(i) C	
Federal advances	(m) C	382,369

SECTION 2. 20.415 (3) of the statutes is created to read:

20.415 (3) STUDENT LOANS. (a) *Interest and administration.* The amounts in the schedule for administration of the student loan program, and for interest on investments under s. 25.17 (3) (bf) if the amounts appropriated under par. (h) are insufficient, and for repayment of defaulted notes under s. 39.023 (7) if the amounts appropriated under par. (m) are insufficient. These amounts shall not become available unless released by the board on government operations.

(g) *Loans.* The balances remaining in the appropriation under s. 20.670 (4), as renumbered and amended by chapter 163, laws of 1965, on June 30, 1966, the principal repaid on student loans made under

s. 49.42, the principal repaid on student loans made under s. 39.023 (7) and all proceeds of advances by the state of Wisconsin investment board, under s. 25.17 (3) (bf), to be used for additional loans under s. 39.023 (7) and for repayment of advances by the investment board. It is the intent of the legislature that all loans assigned and physically conveyed to the investment board pursuant to ss. 25.17 (3) (bf) and 20.670 (47), 1961 stats., be returned to the department of public welfare files and from there on June 30, 1966, or as soon thereafter as is practicable, be transferred to the files of the state commission for higher educational aids together with other records and files of loans made by the department of public welfare and any moneys in the possession of the department of public welfare from repayment of loans and upon the completion of such transfer the department shall have no further responsibility for the administration of student loans nor financial responsibility to the investment board for advances made by the investment board to the department of public welfare and that in lieu thereof the total of all investment board advances on the student loan program be covered by the certificate of the state commission for higher educational aids. Beginning July 1, 1966, the state auditor may annually audit the portfolio of student loans and notes thereon in the possession of the state commission for higher educational aids and report his determination of the current condition of the student notes receivable portfolio to the investment board, the state commission for higher educational aids and the department of administration.

(h) *Interest payments.* The amounts received as interest on loans made under s. 49.42, the amounts received as interest on loans made under s. 39.023 (7), and the amounts received as interest payments from the federal government under P.L. 89-329 and P.L. 89-287 for the payment of interest under s. 25.17 (3) (bf).

(i) *Gifts and grants.* All moneys received from gifts and grants, for the purposes for which made.

(m) *Federal reserve fund advance.* The amounts in the schedule as an advance to establish a reserve fund for the repayment of defaulted loans made under s. 39.023 (7).

SECTION 3. 25.17 (3) (bf) of the statutes, as amended by chapter 433, laws of 1965, is amended to read:

25.17 (3) (bf) To invest sums not exceeding ~~\$10,000,000~~ \$20,000,000 outstanding at any one time of the balances of the general fund in advance to the state department of public welfare ~~commission for higher educational aids~~ for the purpose of making additional loans to needy students under s. 49.42 ~~39.023 (7)~~. Such loans shall initially be made by the state department of public welfare ~~commission for higher educational aids~~ from the appropriations provided in s. 20.670 (4) under s. 20.415 (3) (g). 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, ~~commission for higher educational aids~~ and the function of the investment board shall be limited to advancing funds to the state department of public welfare ~~commission for higher educational aids~~ for not to exceed 95% of such loans outstanding and collectible, based upon the certificates of the state department of public welfare ~~commission for higher educational aids~~ as to the current status of the student loans made, due and collectible under s. 49.42 ~~39.023 (7)~~, and to periodically receiving from the appropriations made by s. 20.670 (4) ~~20.415 (3) (a), (g) and (h)~~ payments of principal and interest on the advances made to the department of public welfare ~~state commission for higher educational aids~~, interest to be computed monthly at 4% per annum on the unpaid principal balance of the advances, ~~payable made prior to July 1, 1966, and at the maximum rate allowable under P.L. 89-329~~

and P.L. 89-287, or 4%, whichever is the greater, on all loans made on or after July 1, 1966, computed as of January 1 and July 1 of each year and payable within 90 days thereafter.

SECTION 4. 39.023 (4m) of the statutes, as created by chapter 264, laws of 1965, is renumbered 39.023 (5).

SECTION 5. 39.023 (5) of the statutes is renumbered 39.023 (9).

SECTION 6. 39.023 (6) of the statutes, as amended by chapter 163, laws of 1965, is renumbered 39.023 (10).

SECTION 7. 39.023 (a), (b) and (c) of the statutes, as created by chapter 463, laws of 1965, are renumbered 39.023 (6) (a), (b) and (c).

SECTION 8. 39.023 (7) and (8) of the statutes are created to read:

39.023 (7) STUDENT LOAN PROGRAM. It is the purpose of this subsection to provide Wisconsin resident students with greater freedom to choose a higher educational opportunity enabling them to achieve their individual desires and goals consistent with the interests and welfare of society through the consolidation of the administration of the state's programs of financial aid to students by the transfer of the state student loan program and personnel from the department of public welfare to the state commission for higher educational aids.

(a) The state commission for higher educational aids shall:

1. Make and authorize loans to be made to resident students who have satisfactory academic records, who need financial assistance and are desirous of attending institutions of higher education, when such loans are to assist them in meeting expenses of post high school education in accordance with this subsection.

2. Establish standards and methods for determining the amount of loans, rates of interest, financial need and other administrative procedures consistent with P.L. 89-329 and P.L. 89-287.

(b) The commission is empowered to make, and authorize to be made, loans to students if:

1. The student is enrolled or accepted for enrollment in an institution of higher education.

2. The student's eligibility for loan is certified to the commission by the institution of higher education in which he is enrolled or has been accepted for enrollment.

3. The student has a satisfactory academic record.

4. The student is a resident student.

5. The student needs financial assistance.

(c) Loans may be made to minors and minority shall not be a defense to the collection of the debt.

(d) The commission is empowered to collect any loans made or authorized to be made by the commission pursuant to this subsection or made prior to July 1, 1966 under s. 49.42.

(e) In this subsection, "institution of higher education" means an educational institution that meets the requirements defined in P.L. 89-329 for institutions covered therein and in P.L. 89-287 for business, trade, technical or vocational schools and full-time post high school schools of vocational, technical and adult education in the state.

(f) In this subsection, "resident student" has the meaning in s. 36.16 insofar as applicable.

(8) CONTRACTS. The commission may enter into such contracts as are necessary to carry out its functions under this section.

SECTION 9. 39.023 (8) (d) of the statutes, as created by chapter 463, laws of 1965, is repealed.

SECTION 10. 39.023 (9) and (10) of the statutes, as created by chapter 463, laws of 1965, are renumbered 39.023 (11) and (12).

SECTION 11. 49.42 of the statutes is repealed.

SECTION 12. The appropriation under section 20.670 (4) of the statutes is reduced by \$430,800 for the fiscal year 1966-67, for the purpose of providing the funds for section 20.415 (3) (a) created by this act.

SECTION 13. EFFECTIVE DATE. This act shall take effect July 1, 1966.

Approved June 17, 1966.
