

2016 Regular Session

HOUSE BILL NO. 842

BY REPRESENTATIVE BROADWATER

HIGHER ED/BD REGENTS: Provides for the consolidation of certain boards and commissions into the Board of Regents

1 AN ACT

2 To amend and reenact R.S. 17:3021, 3023(A)(introductory paragraph), (1), (2)(a) and
3 (b)(introductory paragraph), (4) through (10) and (B), 3023.1(C), (D), and (E),
4 3023.3, 3023.4(A), 3023.6, 3023.7, 3023.8, 3024, 3024.1, 3024.2, 3031, 3093(A) and
5 (B), 3452, 3453.1(A) and (C), 3454(A), (B)(introductory paragraph), (6), (9), and
6 (13), (C), and (D), 3455, and 3456, R.S. 36:651(BB), and R.S. 51:2211(A), 2212(2),
7 2213(D) and (F), and 2215(A) and to repeal R.S. 17:3022, 3023.9, 3025, 3035, and
8 3453, R.S. 36:651(M) and (CC), 801.4, and 802.23, and 51:2214(A) through (F); to
9 abolish the MediFund Board and to transfer its powers and duties to the Board of
10 Regents; to abolish the Louisiana Student Financial Assistance Commission and
11 transfer its powers and duties to the Board of Regents; to abolish the Executive
12 Board of the Louisiana Marine Consortium for Research and Education and transfer
13 its powers and duties to the Board of Regents; and to provide for related matters.

14 Be it enacted by the Legislature of Louisiana:

15 **Executive Board of the Louisiana Universities Marine Consortium for Research and**
16 **Education**

17 Section 1.(A) R.S. 17:3452, 3453.1(A) and (C), 3454(A), (B)(introductory
18 paragraph), (6), (9), and (13), (C), and (D), 3455, and 3456 are hereby amended and
19 reenacted to read as follows:

1 §3455. Executive director; appointment; functions

2 The ~~executive~~ board may appoint a chief administrative officer who shall be
3 the executive director of the consortium. The executive director of the consortium
4 shall serve at the pleasure of the ~~executive~~ board and shall, with the approval of the
5 ~~executive~~ board and subject to the applicable civil service laws, rules, and
6 regulations of the state, appoint and remove all professional, research, technical,
7 clerical, and stenographic employees of the consortium. The compensation of the
8 executive director shall be fixed by the ~~executive~~ board. The executive director shall
9 serve as secretary to the ~~executive~~ board, the executive committee, and any
10 additional committees appointed by the ~~executive~~ board to assist in the
11 implementation of the provisions of this Chapter.

12 §3456. Annual report; master plan

13 A.~~(1)~~ The ~~executive~~ board, in consultation with the Science and Education
14 Advisory Council, shall formulate a five-year master plan for the consortium's
15 marine science and education programs and initiatives and shall make timely
16 revisions to such plan as warranted and necessary.

17 ~~(2) The initial master plan required by this Subsection shall be submitted to~~
18 ~~the Board of Regents not later than February 1, 2013.~~

19 B.~~(1)~~ On or before December thirty-first of each year, the executive director
20 shall submit an annual report of the activities of the consortium to the ~~executive~~
21 board together with any additional information the ~~executive~~ board may require.

22 ~~(2) The chair of the executive board, the executive director of the board, and~~
23 ~~the chair of the Science and Education Advisory Council shall annually make a joint~~
24 ~~report to the Board of Regents regarding the consortium's efficacy in achieving its~~
25 ~~overall mission through implementation of the master plan.~~

26 (B) R.S. 17:3453 and R.S. 36:651(M) and 801.4 are hereby repealed in their entirety.

27 **MediFund Board**

28 Section 2.(A) R.S. 51:2211(A), 2212(2), 2213(D) and (F), and 2215(A) are hereby
29 amended and reenacted to read as follows:

1 §2211. Purpose and goals

2 A. The provisions of this Chapter establish the MediFund as a special fund
3 within the state treasury to support advancement of biosciences, biomedical, and
4 medical centers of excellence in Louisiana. The ~~MediFund governing board~~ Board
5 of Regents shall endeavor to achieve this purpose by coordinating and deploying
6 public and private resources to strategically develop and enhance this state's
7 competitiveness in biosciences, biomedical, and medical centers of excellence.

8 * * *

9 §2212. Definitions

10 As used in this Chapter, the following terms shall have the meanings ascribed
11 to them below:

12 * * *

13 (2) "Board" means the ~~MediFund governing board~~ Board of Regents.

14 * * *

15 §2213. MediFund; creation

16 * * *

17 D. Subject to appropriation by the legislature to the ~~MediFund Board~~
18 ~~through the Board of Regents~~ board, the monies in the fund shall be used solely for
19 the purposes provided in this Chapter. The monies appropriated by the legislature
20 and disbursed from the MediFund shall not displace, replace, or supplant funding for
21 higher education for a purpose for which a general fund appropriation was made in
22 the previous year unless the total appropriation for that fiscal year from the state
23 general fund for such purpose exceeds general fund appropriations for the previous
24 year.

25 * * *

26 F. Three percent of the balance of the fund or an amount not to exceed six
27 hundred thousand dollars, whichever is lesser, shall be used for administrative fees
28 to accomplish the purpose of this Chapter, as approved by the ~~MediFund~~ board.

29 * * *

1 §2215. MediFund program guidelines

2 A. The MediFund Program shall be administered by the Board of Regents
3 through its Sponsored Programs Unit, in accordance with the policies promulgated
4 by the ~~MediFund Board~~ board. All grant application review and grant selection
5 processes shall follow the competitive request for proposals process and external
6 review process as may be utilized by the Sponsored Programs Unit, including
7 published criteria, so as to ensure impartial and merit-based grant selection.

8 * * *

9 (B) R.S. 36:651(CC) and 802.23 and R.S. 51:2214(A) through (F) are hereby
10 repealed in their entirety.

11 **Louisiana Student Financial Assistance Commission**

12 Section 3.(A) R.S. 17:3021, 3023(A)(introductory paragraph), (1), (2)(a) and
13 (b)(introductory paragraph), (4) through (10) and (B), 3023.1(C), (D), and (E), 3023.3,
14 3023.4(A), 3023.6, 3023.7, 3023.8, 3024, 3024.1, 3024.2, 3031, and 3093(A) and (B) are
15 hereby amended and reenacted to read as follows:

16 §3021. ~~Louisiana Student Financial Assistance Commission~~ Louisiana student
17 financial assistance; Board of Regents to administer

18 ~~There is hereby created the Louisiana Student Financial Assistance~~
19 ~~Commission. Any reference to the Governor's Special Commission on Education~~
20 ~~Services in law or in any rule or regulation shall be deemed to apply to the Louisiana~~
21 ~~Student Financial Assistance Commission. The purpose of such commission~~ Board
22 of Regents, hereafter referred to in this Chapter as the board, shall ~~is to~~ supervise,
23 control, direct, and administer state and federal programs to provide loans to assist
24 persons in meeting the expenses of higher education, and state and federal
25 scholarship programs for higher education in accordance with the provisions of this
26 Chapter.

1 §3023. Powers and duties

2 A. The ~~Louisiana Student Financial Assistance Commission~~ board may:

3 (1) Guarantee the loan of money to lending agencies and/or any holders of
4 such loans, subject to the requirement of R.S. 17:3023.4 and upon such other terms
5 and conditions as the ~~commission~~ board may prescribe, for persons attending or
6 planning to attend institutions of higher education to assist them in meeting their
7 expenses of higher education, including graduate, professional, vocational, business,
8 or technical education.

9 (2)(a) Pay to the lending agencies and/or any holders of such loans the
10 interest as prescribed in R.S. 17:3023.4, on loans made to students, as long as the
11 student is enrolled in any institution of higher learning approved by the ~~commission~~
12 board, or for not in excess of three years during which the borrower is in the active
13 military service of the United States.

14 (b) When federal funds are available to refund the ~~commission~~ board for
15 payment of interest on student loans, periodic installment payments of principal may
16 be delayed, and interest may accrue and may be paid during any period:

17 * * *

18 (4) Reject or take or hold and administer, on behalf of the ~~commission~~ board
19 and for any of its purposes, real property, personal property, and monies, or any
20 interest therein, and the income therefrom, either absolutely or in trust, for any
21 purpose of the ~~commission~~ board. The ~~commission~~ board may invest its funds in
22 any investments in which funds of the state employees retirement system may be
23 invested pursuant to R.S. 11:517. The ~~commission~~ board may acquire property or
24 monies for its purposes by the acceptance of gifts, grants, appropriations, bequests,
25 devises, or loans.

26 (5) Enter into such contracts, as may be desirable, with institutions of higher
27 education, upon such terms as may be agreed upon between the ~~commission~~ board
28 and the institution, to provide for the administration by such institution of any loan

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 or loan plan guaranteed by the ~~commission~~ board, including but not limited to
2 applications therefor and repayment thereof.

3 (6) Enter into contracts with any bank or other lending agency and/or any
4 holder of such loan upon such terms as may be agreed upon between the ~~commission~~
5 board and the bank or other lending agency or holder, to provide for the
6 administration by such bank or other lending agency or holder, of any loan or loan
7 plan guaranteed by the commission including but not limited to applications therefor
8 and terms of repayment thereof, and to establish the conditions for payment by the
9 ~~commission~~ board to the bank or other lending agency and/or the holder of the
10 guarantee on any loan. A loan shall be defaulted when the bank or other lending
11 agency and/or holder makes application to the ~~commission~~ board for payment on the
12 loan stating that such loan is in default in accordance with the terms of a contract
13 executed under this Paragraph.

14 (7) Sue and be sued in the name of the ~~commission~~ board.

15 (8) Collect loans guaranteed by the ~~commission~~ board on which the
16 ~~commission~~ board has met its guarantee obligations.

17 (9) Adopt rules and regulations in accordance with the provisions of the
18 Administrative Procedure Act, not inconsistent with the provisions of this Chapter,
19 governing the guarantee, disbursement, and/or servicing of loans made by the
20 ~~commission~~ board, and governing any other matters relating to the activities of the
21 commission. Such rules and regulations shall include procedures for the denial of
22 licenses, permits, and certificates required by the state to practice or engage in a
23 trade, occupation, or profession to applicants and renewal applicants in default on the
24 repayment of loans guaranteed by the ~~commission~~ board, for the conditional issuance
25 or renewal of such a license, permit, or certificate pending an applicant's compliance
26 with loan repayment requirements, and for other matters necessary to implement the
27 provisions of R.S. 37:2951.

1 (10) Perform such other acts as may be necessary or appropriate to carry out
2 effectively the objects and purposes of ~~the commission~~ this Chapter.

3 * * *

4 B. In addition to any other powers and duties authorized by this Section ~~for~~
5 ~~the Louisiana Student Financial Assistance Commission~~, the ~~commission~~ board shall
6 establish an internal audit function and shall establish an office of the chief audit
7 executive who shall be responsible for ensuring that the internal audit function
8 adheres to the Institute of Internal Auditors, International Standards for the
9 Professional Practice of Internal Auditing. The chief audit executive shall maintain
10 organizational independence in accordance with these standards and shall have direct
11 and unrestricted access to the ~~commission~~ board. The chief audit executive shall
12 annually certify to the ~~commission~~ board that the internal audit function conforms
13 to the Institute of Internal Auditors, International Standards for the Professional
14 Practice of Internal Auditing.

15 §3023.1. Credit unions, savings and loan associations, schools and insurance
16 companies as lending agencies

17 * * *

18 C. Savings and loan associations in Louisiana shall be empowered to make
19 student loans guaranteed by the ~~commission~~ board up to five percent of their assets
20 in accordance with the provisions of any federal law relating to federally insured
21 student loan programs.

22 D. Postsecondary schools in Louisiana shall be empowered to make student
23 loans guaranteed by the ~~commission~~ board in accordance with the provisions of the
24 Federal Higher Education Act of 1965 as amended or as hereafter amended.

25 E. Insurance companies domiciled, licensed, or registered to do business and
26 subject to examination and supervision by an agency of the state shall be empowered
27 to make student loans guaranteed by the ~~commission~~ board pursuant to the
28 provisions of applicable state laws and the provisions of the Federal Higher
29 Education Act of 1965, as amended or hereafter amended.

1 §3023.3. Loan of reserve funds

2 The ~~Louisiana Student Financial Assistance Commission~~ is empowered to
3 board may authorize the granting of guaranteed student loans made pursuant to the
4 provisions of this Chapter out of reserve funds ~~of said commission~~ available to the
5 board for such purpose, and ~~shall have the authority to~~ may sell or discount, or both,
6 ~~said~~ such loans to banks, credit unions, and other authorized lending institutions, at
7 such consideration and upon such terms as may be agreed upon by the ~~commission~~
8 board.

9 §3023.4. Student loan guarantees

10 A. Notwithstanding any other provisions of law, the ~~Louisiana Student~~
11 ~~Financial Assistance Commission~~ is hereby authorized to board may guarantee loans
12 made to students attending or planning to attend institutions of higher education,
13 including graduate, professional, vocational, business, or technical education, subject
14 to the conditions, limitations, reinsurance provisions and in accordance with the
15 terms and provisions of and within the amounts established by 20 U.S.C. §1071 et
16 seq., or in accordance with the provisions of any federal law or regulations relating
17 to student loan guarantee or insurance programs, provided that the aggregate value
18 of all loans guaranteed and outstanding at any one time shall not exceed fifteen times
19 the total value of funds, investments, properties, and other assets ~~of the commission~~
20 available to the board for such purpose, except that this guarantee may be further
21 expanded by use of federal credit.

22 * * *

23 §3023.6. Age does not bar loan

24 Any person otherwise qualifying for a loan guaranteed by the ~~Louisiana~~
25 ~~Student Financial Assistance Commission~~ board shall not be disqualified by reason
26 of his being under the age of twenty-one, and for the purpose of applying for,
27 receiving, and repaying such a loan, any such person, notwithstanding the provisions
28 of any law to the contrary, shall be deemed to have full legal capacity to act and shall

1 have all the rights, powers, privileges, and obligations of a person of full age with
2 respect thereto.

3 §3023.7. Tax exemption

4 All property and income of the ~~Louisiana Student Financial Assistance~~
5 ~~Commission~~ board used exclusively for the purposes of this Chapter shall be exempt
6 from all taxes and assessments.

7 §3023.8. Examination by commissioner of financial institutions

8 The ~~Louisiana Student Financial Assistance Commission~~ shall be board in
9 its actions pursuant to this Chapter is subject to examination by the commissioner of
10 financial institutions, but shall not be deemed to be a banking organization nor be
11 required to pay a fee for any such supervision or examination. The ~~commission~~
12 board shall make an annual report of its condition to the governor, the legislature,
13 and the commissioner of financial institutions on or before June 30 thirtieth.

14 §3024. Acceptance and use of funds

15 The ~~Louisiana Student Financial Assistance Commission~~ board shall accept
16 any contributions or subsidies made to it from state funds and shall use the funds to
17 meet administrative expenses for any of its purposes and to provide a reserve fund
18 to guarantee loans made pursuant to the provisions of this Chapter and to pay interest
19 on guaranteed loans, as provided by R.S. 17:3023.

20 §3024.1. Student loans as security for deposit of public funds

21 Notes representing loans to students which are guaranteed by this
22 ~~commission~~ board in accordance with a contract agreement under the provisions of
23 this Chapter, may be pledged as collateral security for deposit of public funds as
24 required in R.S. 39:403 and R.S. 39:1221.

25 §3024.2. Appropriation for guaranteed student loan program

26 The legislature shall annually appropriate sufficient funds to pay those
27 eligible claims resulting from the guarantee of student loans by the ~~Louisiana~~
28 ~~Student Financial Assistance Commission~~ board under this Chapter, but only to the
29 extent that anticipated federal reinsurance or reimbursement payments pursuant to

1 Chapter shall be referred to as the authority. The authority shall operate under the
2 same laws, rules, and guidelines and with the same officer selection and employment
3 policies as the ~~commission~~ Board of Regents, except when inconsistent with this
4 Chapter. The commissioner of higher education or his designee shall serve as
5 chairman of the authority.

6 (2) The membership of the authority shall consist of the following persons:

7 (a) The members of the ~~Louisiana Student Financial Assistance Commission~~
8 ~~exclusive of the two persons appointed by the governor from names submitted by the~~
9 ~~Louisiana Bankers' Association~~ Board of Regents.

10 (b) The commissioner of higher education or his designee.

11 (c) An officer of a bank in Louisiana who is a member of the Louisiana
12 Bankers' Association and who is nominated by the association and appointed by the
13 governor.

14 (d) One member of the House of Representatives appointed by the
15 speaker and one member of the Senate appointed by the president.

16 (e) The state treasurer who shall be an ex officio voting member of the
17 authority.

18 (3) The authority shall meet at least annually at the call of the chairman and
19 at such other times as the chairman or the authority determines necessary. The
20 ~~authority~~ chairman may establish and delegate to an executive committee such duties
21 and responsibilities as the authority determines appropriate, except that the authority
22 may not delegate to the executive committee the final determination of the rate of
23 interest to be paid on education savings accounts of record at the close of the
24 calendar year. Upon such delegation, the executive committee shall have the
25 authority to act pursuant to such delegation without further approval or action by the
26 authority.

27 (4) A majority of the authority shall constitute a quorum of the authority, and
28 the affirmative vote of a majority of the members present shall be necessary for any
29 action taken by the authority. A majority of the executive committee shall constitute

1 a quorum of the executive committee, and the affirmative vote of a majority of the
2 executive committee members present shall be necessary for any action taken by the
3 executive committee. No vacancy in the membership of the authority or the
4 executive committee shall impair the rights of a quorum to exercise all rights and
5 perform all duties of the authority or the executive committee respectively.

6 * * *

7 (B) R.S. 36:651(BB) is hereby amended and reenacted to read as follows:

8 §651. Transfer of boards, commissions, departments, and agencies to Department
9 of Education; boards, commissions, and agencies within Department of
10 Education

11 * * *

12 BB. The Louisiana Student Financial Assistance Commission (R.S. 17:3021
13 et seq.) is hereby abolished and its powers, duties, functions and responsibilities are
14 hereby transferred to ~~placed within~~ the Board of Regents, ~~and shall exercise and~~
15 ~~perform its powers, duties, functions, and responsibilities in the manner provided for~~
16 ~~agencies transferred in accordance with the provisions of R.S. 36:801.1.~~ All
17 reference in law to the Louisiana Student Financial Assistance Commission shall
18 refer to the Board of Regents.

19 * * *

20 (C) R.S. 17:3022, 3023.9, 3025, and 3035 are hereby repealed in their entirety.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 842 Engrossed 2016 Regular Session Broadwater

Abstract: Provides for the abolition of the Executive Bd. of the La. Universities Marine Consortium for Research and Education, the Medifund Board, and the La. Student Financial Assistance Commission, and the transfer of their powers and duties to the Bd. of Regents.

Executive Bd. of the La. Universities Marine Consortium for Research and Education (LUMCON): Present law provides for the creation of the LUMCON as a statewide entity with the primary function of conducting research and promoting education in the marine sciences and marine technology, particularly where related to coastal

resources and the impact of energy related industries upon these coastal resources. Present law provides for the creation of the executive board to administer the affairs of the consortium. Proposed law provides for the abolition of the board and the transfer of all of its powers and duties to the Bd. of Regents.

MediFund Bd.: Present law provides for the establishment of MediFund as a special fund within the state treasury to support advancement of biosciences, biomedical, and medical centers of excellence in Louisiana. Further provides for the creation of the MediFund governing board, which endeavors to achieve this purpose by coordinating and deploying public and private resources to strategically develop and enhance this state's competitiveness in biosciences, biomedical, and medical centers of excellence. Proposed law provides for the abolition of the MediFund governing board and the transfer of all of its powers and duties to the Bd. of Regents.

La. Student Financial Assistance Commission: Present law provides for the creation of the commission. The purpose of such commission is to supervise, control, direct, and administer state and federal programs to provide loans to assist persons in meeting the expenses of higher education, and state and federal scholarship programs for higher education in accordance with the provisions of present law. Proposed law provides for the abolition of the commission and the transfer of all of its powers and duties to the Bd. of Regents.

La. Tuition Trust Authority: Present law creates the authority to govern the Student Tuition Assistance and Revenue Trust Program, which program provides for personal savings accounts for future education purposes. Provides that the authority is comprised of the La. Student Financial Assistance Commission plus the following additional members: an officer of a bank who is a member of the La. Bankers' Assoc. and who is nominated by the association and appointed by the governor; one member of the House of Representatives appointed by the speaker and one member of the Senate appointed by the president; and the state treasurer. Proposed law provides that the Bd. of Regents plus the additional members comprise the authority in conformity with the abolition of the La. Student Financial Assistance Commission (see above). Proposed law further provides that the commissioner of higher education is a member of the authority, serves as its chairman, and he, rather than the whole authority, may establish and delegate duties to an executive committee.

(Amends R.S. 17:3021, 3023(A)(intro. para.), (1), (2)(a), (b)(intro. para.), (4) through (10) and (B), 3023.1(C), (D), and (E), 3023.3, 3023.4(A), 3023.6, 3023.7, 3023.8, 3024, 3024.1, 3024.2, 3031, 3093(A) and (B), 3452, 3453.1(A) and (C), 3454(A), (B)(intro. para.), (6), (9), and (13), (C), and (D), 3455, and 3456, R.S. 36:651(BB), and R.S. 51:2211(A), 2212(2), 2213(D) and (F), and 2215(A); Repeals R.S. 17:3022, 3023.9, 3025, 3035, and 3453, R.S. 36:651(M) and (CC), 801.4, and 802.23, and 51:2214(A) through (F))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Education to the original bill:

1. Make technical changes to amend and repeal additional statutes in conformity with the proposed abolition of the La. Student Financial Assistance Commission, including addition of provisions relative to governance of the La. Tuition Trust Authority.