



House of Representatives
COMMONWEALTH OF PENNSYLVANIA

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Community College Affordability

Luzerne County Community College – Nanticoke, PA

February 20, 2020

AGENDA

- 9:00 a.m. Welcome and Opening Remarks
- 9:10 a.m. Endy Santos
Student and Member of Phi Theta Kappa Honor Society
Luzerne County Community College
- 9:20 a.m. *Questions & Answers*
- 9:30 a.m. Panel from Community Colleges:
- Thomas Leary
President
Luzerne County Community College
 - Elizabeth Bolden
President and CEO
Pennsylvania Commission for Community Colleges
- 9:50 a.m. *Questions & Answers*
- 10:10 a.m. Panel on Local Workforce:
- Christine Jensen
Administrator
Pennsylvania CareerLink Luzerne County
 - Trina Moss
Director of Operations and Programs
Luzerne/Schuylkill Workforce Investment Board
- 10:30 a.m. *Questions & Answers*
- 10:50 a.m. Closing Remarks



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February 20, 2020

**House Democratic Policy Committee
Public hearing on Community College Affordability**

Ms. Elizabeth A. Bolden, President & CEO

The Pennsylvania Commission for Community Colleges appreciates the invitation to participate in this hearing regarding college affordability with the House Democratic Policy Committee. The Commission is a voluntary membership organization that represents the interests of Pennsylvania's fourteen community colleges established under Article XIX-A of the Pennsylvania Public School Code. Collectively, the Commission's member institutions educate nearly 300,000 students and are the largest provider of public postsecondary and workforce education in the Commonwealth.

Community colleges are the foundation of the nation's higher education system. During the fall 2017 semester, more than 12 million students enrolled at community colleges nationwide.¹ Moreover, community colleges have the opportunity to dramatically affect students' long-term educational and economic outcomes. Approximately half of all bachelor's degree recipients enrolled in a community college at one point during their academic careers.²

Ensuring access to, and the affordability of, public postsecondary education is an essential function of state government. Obtaining a degree can be life-changing for students. Not only does a degree increase an individual's economic earning power and possibilities for career advancement, degree attainment is positively correlated with a wide range of personal and societal benefits. The Lumina Foundation recently published research that shows that individuals with at least an associate degree are more likely to remain employed and to have a career that provides health insurance and retirement benefits. In their personal lives, they are more likely to report they are in good health, more likely to vote, volunteer, donate to charitable causes, and their children are more likely to continue their education

¹ American Association of Community Colleges (2019) *Fast facts 2019*. https://www.aacc.nche.edu/wp-content/uploads/2019/05/AACC2019FactSheet_rev.pdf

² National Student Clearinghouse Research Center (2017) *Snapshot report*. <https://nscresearchcenter.org/wp-content/uploads/SnapshotReport26.pdf>

past the high school level.³ These are just a few of the reasons why Pennsylvania must ensure that its citizens have access to affordable, accessible and high-quality public postsecondary education opportunities.

However, the Commonwealth has focused on other priorities in the past 20 years, resulting in decreased and inconsistent funding and fragmented policy direction for its public higher education institutions. The impacts of these funding and policy decisions are reflected in the current tuition levels at public institutions of higher education in Pennsylvania. According to a University of Pennsylvania study, the Commonwealth ranks 49th in overall affordability, and tuition at community colleges is ranked 36th.⁴

Additional research suggests that these high tuition levels are directly correlated with state disinvestment; with one study suggesting that for every \$1,000 reduction in state funding, tuition rises by \$300.^{5,6}

Given the history of funding of community colleges in Pennsylvania, it is not surprising that cost remains a barrier for many students. Commonwealth funding for Pennsylvania's community colleges has failed to keep pace with inflation since 2005 – requiring approximately \$37M in additional funding to bring current.⁷ As operating expenses have increased, Commonwealth funding has not increased proportionally.

Rising tuition threatens affordability and access, leaving many students and their families either saddled with onerous debt or unable to afford college altogether. According to The Institute for College Access & Success, Pennsylvania students have an average student loan debt of \$37,061.⁸ Students who enroll at public two-year institution, such as a community college, tend to borrow less, at approximately \$2,800 annually and have an average median debt of \$12,000.^{4,9}

This level of student debt has a considerable negative impact on Pennsylvania's economy. Often times, individuals with college debt delay buying a house or car, getting married, having children and saving for retirement. Some individuals fail to pay their debt, leading to defaults and delinquencies which follow them throughout their lifetime. And perhaps most concerning, is that the threat of student debt makes some students wary of enrolling in higher education, which has negative implications for the state's economy. Nearly 65 percent of jobs in Pennsylvania require some sort of postsecondary education

³ Trostel, P. (2015) *It's not just the money*. Lumina Foundation. <https://www.luminafoundation.org/resources/its-not-just-the-money>

⁴ Institute for Research on Higher Education (2016) *College affordability diagnosis: Pennsylvania*. https://www.gse.upenn.edu/pdf/irhe/affordability_diagnosis/Pennsylvania_Affordability2016.pdf

⁵ Webber, D. (2018) *Higher ed, lower spending*. Education Next. <https://www.educationnext.org/higher-ed-lower-spending-as-states-cut-back-where-has-money-gone/>

⁶ Mitchell, M., Leachman, M., & Seanz, M. (2019) *State higher education funding cuts have pushed costs to students, worsened inequality*. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/state-budget-and-tax/state-higher-education-funding-cuts-have-pushed-costs-to-students>

⁷ U.S. Bureau of Labor Statistics (2020) Consumer Price Index – Northeast [Data set] <https://www.bls.gov/cpi/>

⁸ The Institute for College Access & Success (2019) *Student debt and the class of 2018*. <https://ticas.org/wp-content/uploads/2019/09/classof2018.pdf>

⁹ U.S. Department of Education (2019) College Scorecard [Data set] <https://collegescorecard.ed.gov/data/>

beyond high school.¹⁰ If Pennsylvanians don't enroll in the programs that will teach them the skills they need to enter the workforce, employers will continue to struggle to find qualified workers.

The need to address college affordability is particularly important at Pennsylvania's community colleges, the sector of higher education in the state that educates the neediest students, as measured by eligibility for the Federal Pell program. In the 2017-2018 academic year, there were 56,000 students enrolled in a Pennsylvania community colleges that received a federal Pell grant, more than PASSHE (total recipients were 31,657) and the State-Related Universities (total recipients were 38,801).¹¹ In addition, more than 21,000 community college students qualified for and received a Pennsylvania State Grant.¹²

In order to alleviate the burden of high college costs and student debt, Pennsylvania needs to pursue a variety of funding and policy strategies. A Delayed Payment Plan as proposed by Rep. Eddie Day Pashinski can be an important component of a larger strategy to address both high tuition and student debt.

A Delayed Payment Plan (DPP), also known as an Income Share Agreement (ISA), is a contractual agreement between a student and the educational institution in which the student receives money from the institution for the costs of their education in exchange for paying the institution a percentage of their salary after graduation. Under these agreements, students do not begin repayments until after they have secured employment. The terms of these agreements vary from institution to institution but generally all include borrowing limits, repayment terms, and a payment cap. Proponents of income share agreements suggest that these plans allow students without other financial means to pursue higher education by deferring the costs of enrollment and providing an alternative to traditional loans and debt. The agreements are often viewed as less risky for students than private loans.

The concept of Income Share Agreements in higher education has been discussed for nearly 50 years and has been piloted in various forms. The recent attention to the student debt crisis has brought a renewed interest and attention to these agreements. The largest institutions now offering income share agreements as a financial aid strategy include Purdue University, which launched its "Back A Boiler" income share agreement program in 2016, and the University of Utah, which began piloting its program in 2019.^{13,14} Programs exist with narrower focus and at smaller institutions, including those at Pennsylvania institutions of higher education including Lackawanna College in northeast Pennsylvania, which launched a program in in November 2017, and Messiah College in southcentral Pennsylvania,

¹⁰ Carnevale, A.P., Smith, N., Strohl, J. (2014) *Recovery: Job growth and education requirements through 2020*. Georgetown Center on Education and the Workforce. https://1gyhoq479ufd3yna29x7ubjn-wpengine.netdna-ssl.com/wp-content/uploads/StateProjections_6.1.15_agc_v2.pdf

¹¹ U.S. Department of Education (2019) *Annual distribution of federal Pell grant program funds*. [Data set] U.S. Department of Education. <https://www2.ed.gov/finaid/prof/resources/data/pell-data.html>

¹² PHEAA (2018) *2017-18 Pennsylvania state grant program year-by-year & institutional statistics report*. <https://www.pheaa.org/about/reports-statistics/>

¹³ Purdue University. (2016) *Back a Boiler*. <https://www.purdue.edu/backaboiler/index.php>

¹⁴ University of Utah (2020) *Income share agreement*. <https://isa.utah.edu/>

which launched a program in May 2018.^{15,16} Because these programs are rather new and have enrolled a comparatively limited number of students to-date, there are few comprehensive studies of their impact. Yet, the limited research available suggests that they have much potential and are a policy intervention and worth exploring. One study found positive impacts of ISAs, including better-than-expected payment patterns and positive student experiences.¹⁷

These agreements have also drawn interest in the U.S. Congress. In July 2019, a bipartisan group of U.S. Senators including Sen. Todd Young (R-IN), Sen. Warner (D-VA), Sen. Rubio (R-FL) and Sen. Coons (D-DEL) introduced the Income Share Agreement Student Protection Act of 2019. This legislation would create a national framework for income share agreements. The legislation has been endorsed by several national organizations and research institutes, including Jobs for the Future and the U.S. Chamber of Commerce.^{18,19}

A well-skilled workforce is essential to Pennsylvania’s economic vitality. As Pennsylvania policymakers evaluate options to ensure that the Commonwealth’s community colleges remain affordable, accessible and high-quality institutions for its citizens to receive education and workforce training, the Pennsylvania Commission for Community Colleges recommends the following:

Appropriately fund the Commonwealth’s community colleges. For FY 20-21 the colleges requested a \$12M increase in the community college operating appropriation and an \$8M increase in the capital appropriation. These increases will provide the funds for the colleges to continue to offer high-quality academic and workforce programs aligned with state and local workforce needs. Providing quality technical education requires hands-on, intensive training with industry-standard materials and equipment, and is costly and difficult to provide without appropriate public investment. If the Commonwealth wants to increase its postsecondary education attainment rate and create a highly skilled workforce to support business and industry, it must invest in the providers of that education and training – its community colleges.

¹⁵ Lackawanna College (2017) *Lackawanna College launches innovative student financing solution*. Lackawanna College. <https://www.lackawanna.edu/campus-news/lackawanna-college-launches-innovative-student-financing-solution/>

¹⁶ Messiah College (2018) *Messiah College announces new financial model to align cost of education with student outcomes*. Messiah College. <https://www.messiah.edu/news/article/264/messiah-announces-new-financing-model-to-align-cost-of-education-with-student-outcomes>

¹⁷ Ritter, D. & Webber, D. (2019) *Modern income-share agreements in postsecondary education: Features, theory, applications*. Federal Reserve Bank of Philadelphia. <https://www.philadelphiafed.org/-/media/consumer-finance-institute/payment-cards-center/publications/discussion-papers/2019/dp19-06.pdf>

¹⁸ Jobs for the Future (2019) *Why JFF supports an income share agreement bill*. JFF. <https://www.jff.org/points-of-view/why-jff-supports-income-share-agreement-bill/>

¹⁹ U.S. Chamber of Commerce (2019) *“Stakeholder letter to finance committee leadership”*. Received by Chairman Grassley, Senator Wyden, Chairwoman Waters, Representative McHenry. [https://jfforg-prod-prime.s3.amazonaws.com/media/documents/Stakeholder Letter to Finance Committee Leadership FINAL 1.pdf](https://jfforg-prod-prime.s3.amazonaws.com/media/documents/Stakeholder+Letter+to+Finance+Committee+Leadership+FINAL+1.pdf)

Provide a robust array of student scholarship and financial assistance. The Pennsylvania State Grant Program, the Pennsylvania Targeted Industry Program, and the Pennsylvania Ready to Succeed Scholarship Program all help students to enroll in and afford community college. But there is still significant unmet need among community college students. Policymakers can help students enroll in postsecondary education without incurring significant amounts of student debt by fully funding the aforementioned programs, as well as offering an array of financial assistance programs, including a delayed payment plan/income share agreement, to help ensure that all Pennsylvania students have the opportunity to succeed.

Thank you for the opportunity to provide testimony. The Commission is particularly grateful to Representative Eddie Day Pashinski for his commitment to community college students and his leadership in addressing the issue of college affordability. Thank you to all the members of the committee for their interest and attention. The Pennsylvania Commission for Community Colleges and its member institutions look forward working with you.

House Democratic Policy Committee public hearing

Thursday, Feb. 20, 2020 9 a.m.,

Luzerne County Community College, Campus Center-Building 14, 3rd Floor,
Multi-Purpose Room, 1333 S. Prospect St., Nanticoke, PA 18634.

Testimony

- Luzerne/Schuylkill Workforce Investment Board staff:
 - Trina Moss, Director of Operations and Programs
 - Christine Jensen, Administrator for the PA CareerLink® offices in Luzerne County (Wilkes-Barre and Hazleton)
- Thank you for the opportunity to provide comments on the important issue of career development and the needs of the local employers in the area
- Pennsylvania's local workforce development boards, or LWDBs, are part of our public workforce system – a network of state and local providers and programs that support local and regional economic development, and the education and training of Pennsylvania's workforce.
- We are one of 22 regional boards that set policy and oversee the public workforce delivery system known as the PA CareerLink® services.
- We work daily with employers, most of whom are struggling to fill positions within their companies
- Some of this struggle is attributed to the skills gap that exists
- For years, all students have been pushed toward a four year degree
- However, there are many occupations that do not require a 4-year degree that can be very rewarding and provide a family sustaining wage
- The Commonwealth of PA prepares a *High Priority Occupation List* each year for each workforce area in the state

- The purpose of the HPO list is to align workforce training and education investments with occupations that are in demand by employers, have higher skill needs and are most likely to provide family sustaining wages.
- The list for the Luzerne/Schuylkill Workforce Development Area has 69 occupations on it from many different industries
- Everything from Registered Nurses to Truck Drivers
- Of these 69 positions, only 10 of them or 15% require an Associates or Bachelor's Degree
- The other 59 occupations, 85%, require some kind of training
 - Short or long term on-the-job training
 - Work Experience
 - Postsecondary training
- These are not low-paying jobs in most cases
- The average wage is almost \$44k/year
- The average wage for an experienced worker is \$50k/year
- And the average wage for an entry-level worker is \$31k/year
- On our website, www.pacareerlink.pa.gov, real-time data shows we currently have 526 different jobs posted with a total of 3578 positions available.
- Of the 526 different postings, 411 or 78% require less than a associates degree – closely in line with what the state predicts with the HPO list
- Currently, we have a Business Education Partnership Grant which funds high school seniors from the Career & Technical Centers in cooperative education positions.
- The students are placed at a business and their salary is paid through the grant up to 20 hours a week. The student “earns while they learn” and the hope is, the employer will keep them on after the coop is over.

- The Career & Technical Centers in Luzerne and Schuylkill counties work closely with the workforce board to align their programs with local needs of employers. They have evening programs for adult learners in welding, HVAC and auto mechanics.
- Similarly, we have had had funding over the last two summers and are awaiting notification for 2020 for a summer internship program. Over the last two years, we placed 195 interns at over 50 different employers for 8 weeks in the summer, reimbursing the employer for the salary. A number of these positions, turned into part or full time opportunities for the students once the internship was over.
- These kind of programs are designed to expose students to careers in our area that they may not even know exist
- Each person is unique and so is the path they take toward a career.
- That path may be a traditional 4-year college degree, post-secondary training of some kind, or a certificate program.
- We need to make certain all students, young adults, and job seekers are aware of the many different pathways that exist to a career by sharing with them the workforce data about where jobs exist locally and the skills, training, and education needed for those jobs.
- With this information, they can make informed decisions about what path is the right one for them

2019 High Priority Occupations for Luzerne-Schuylkill Counties Workforce Development Area not requiring a college degree

SOC Code	SOC Title	Educational Attainment	Wages (2018)			Employment			
			Entry Level	Annual Average	Exper. Level	Estimated 2016	Projected 2026	Percent Change	Annual Demand
15-1151	Computer User Support Specialists	PS	\$28,370	\$43,360	\$50,860	740	830	12.2%	66
17-3031	Surveying & Mapping Technicians	MT OJT	\$31,430	\$41,320	\$46,270	30	40	33.3%	3
21-1093	Social & Human Service Assistants	ST OJT	\$26,310	\$33,920	\$37,730	960	1,040	8.3%	125
29-2052	Pharmacy Technicians	MT OJT	\$23,380	\$30,390	\$33,890	880	970	10.2%	80
29-2061	Licensed Practical & Licensed Vocational Nurses	PS	\$35,850	\$44,220	\$48,400	1,840	1,960	6.5%	146
31-1014	Nursing Assistants	PS	\$25,010	\$30,470	\$33,200	3,860	4,160	7.8%	476
31-9011	Massage Therapists	PS	\$41,790	\$55,300	\$62,060	160	200	25.0%	22
31-9091	Dental Assistants	PS	\$28,450	\$38,330	\$43,280	500	560	12.0%	63
31-9092	Medical Assistants	PS	\$27,050	\$33,820	\$37,200	520	640	23.1%	74
31-9097	Phlebotomists	PS	\$27,840	\$33,250	\$35,950	190	230	21.1%	25
33-3051	Police & Sheriff's Patrol Officers	MT OJT	\$30,420	\$56,080	\$68,920	1,190	1,230	3.4%	80
33-9032	Security Guards	ST OJT	\$22,830	\$40,870	\$49,890	1,270	1,320	3.9%	172
35-1012	Supervisors - Food Preparation & Serving Workers	WK EXP	\$19,870	\$34,930	\$42,460	1,060	1,140	7.5%	162
37-1011	Supervisors - Housekeeping & Janitorial Workers	WK EXP	\$25,910	\$40,140	\$47,250	280	290	3.6%	33
41-1011	Supervisors - Retail Sales Workers	WK EXP	\$25,560	\$42,130	\$50,410	1,590	1,610	1.3%	169
43-1011	Supervisors - Office & Administrative Support Workers	WK EXP	\$38,110	\$56,650	\$65,920	2,040	2,060	1.0%	199
43-3011	Bill & Account Collectors	MT OJT	\$21,980	\$29,740	\$33,610	580	510	-12.1%	50
43-3031	Bookkeeping, Accounting & Auditing Clerks	PS+	\$24,750	\$36,820	\$42,850	1,970	1,900	-3.6%	207
43-4051	Customer Service Representatives	ST OJT	\$23,500	\$31,990	\$36,240	3,990	4,170	4.5%	534
43-4061	Eligibility Interviewers, Government Programs	MT OJT	\$41,870	\$49,320	\$53,050	260	270	3.8%	24
43-5061	Production, Planning & Expediting Clerks	MT OJT	\$31,020	\$41,290	\$46,430	610	680	11.5%	72
43-6011	Executive Secretaries & Executive Administrative Assistants	WK EXP	\$36,310	\$51,230	\$58,690	N/A	N/A	N/A	N/A
43-6014	Secretaries	ST OJT	\$23,560	\$33,890	\$39,050	3,260	2,960	-9.2%	301
43-9041	Insurance Claims & Policy Processing Clerks	MT OJT	\$32,100	\$42,180	\$47,220	210	210	0.0%	22
47-1011	Supervisors - Construction Trades & Extraction Workers	WK EXP	\$44,390	\$63,210	\$72,620	540	590	9.3%	59
47-2061	Construction Laborers	ST OJT	\$30,050	\$41,880	\$47,800	1,500	1,630	8.7%	172
47-2073	Operating Engineers & Other Construction Equipment Operators	MT OJT	\$34,540	\$53,010	\$62,250	660	700	6.1%	78
47-2111	Electricians	LT OJT	\$37,990	\$58,820	\$69,230	590	620	5.1%	70
47-2152	Plumbers, Pipefitters & Steamfitters	LT OJT	\$35,840	\$52,000	\$60,080	300	330	10.0%	37
47-2211	Sheet Metal Workers	LT OJT	\$42,980	\$56,270	\$62,920	280	310	10.7%	32
47-4011	Construction & Building Inspectors	WK EXP	\$29,920	\$45,130	\$52,740	240	260	8.3%	28
47-4051	Highway Maintenance Workers	MT OJT	\$30,500	\$42,030	\$47,800	510	520	2.0%	53
49-3021	Automotive Body & Related Repairers	LT OJT	\$22,020	\$36,450	\$43,660	220	240	9.1%	24
49-3023	Automotive Service Technicians & Mechanics	PS	\$21,700	\$32,880	\$38,480	1,490	1,560	4.7%	148
49-3031	Bus & Truck Mechanics & Diesel Engine Specialists	LT OJT	\$35,270	\$48,200	\$54,660	600	630	5.0%	58
49-3042	Mobile Heavy Equipment Mechanics	LT OJT	\$35,310	\$48,510	\$55,100	320	330	3.1%	32
49-9021	Heating, A/C & Refrigeration Mechanics & Installers	PS+	\$32,780	\$49,540	\$57,920	440	490	11.4%	48
49-9041	Industrial Machinery Mechanics	LT OJT	\$42,580	\$53,110	\$58,370	750	820	9.3%	75
49-9043	Maintenance Workers, Machinery	LT OJT	\$35,320	\$46,680	\$52,360	370	400	8.1%	41
49-9071	Maintenance & Repair Workers, General	MT OJT	\$25,050	\$37,420	\$43,600	2,110	2,280	8.1%	228

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House Co-Sponsorship Memoranda

House of Representatives Session of 2019 - 2020 Regular Session

MEMORANDUM

Posted: September 25, 2019 02:13 PM
From: [Representative Eddie Day Pashinski](#)
To: All House members
Subject: Burden-Free Community College for PA: The Delayed Payment Plan Bill Package

Student debt is crushing Pennsylvania's higher education students and discouraging young people from pursuing a degree that can significantly increase their ability to find a good job. Meanwhile, well-paying jobs go unfilled across the state because we don't have enough workers with the education needed to fill those roles.

This is unacceptable. Every Pennsylvanian should be able to continue their education without fear of taking on outrageous amounts of debt. **That's why I am introducing a Delayed Payment Plan (DPP) legislative package that would allow community college students at any of Pennsylvania's 14 state community colleges a chance to complete their two-year degree and land a steady job before having to begin repaying their tuition.**

Without onerous debt payments, graduates and students will have more money to support their families, purchase a home, and help grow Pennsylvania's economy. According to one study, "adding one year to the average years of schooling among the employed in a metropolitan area is associated with an increase in real GDP per capita of 10.5 percent, and an increase in real wages per worker of 8.4 percent."

It's time for Pennsylvania to take the lead when it comes to addressing the student debt crisis, while simultaneously providing a better-educated workforce for employers.

Please join me in supporting this important legislative package to remove financial barriers for prospective students and help Pennsylvanian's get better jobs and improve the economic health of communities across the state.

Document #1



Introduced as [HB2287](#)

Description: The first bill would establish the Delayed Payment Plan program.

Once established, the state would pay up-front for the community college education for participating PA students who attend one of our 14 state community colleges, pursue a degree in a high-need career path, and who stay in Pa after graduating. The agreement would require the graduate to pay back what they owe using a minimum of 2% of their future earnings within 10 years of graduating. Anyone with an outstanding balance following those 10 years would be required to pay the standard loan rate, minus 2% of that rate, on their remaining balance until they've finished paying for their tuition.

Document #2



Introduced as HB2286

Description: The second bill would extend the state Sales and Use Tax only to Dry Cleaning services in order to provide a mechanism to fund the program.

The Delayed Payment Plan has the potential to help thousands of Pennsylvanian's every year find an affordable pathway to obtaining a degree – but it can't work without funding. By expanding the current 6% state sales and use tax to include dry-cleaning services only, we would ensure that this innovative program has enough funding to get started and help as many Pennsylvania students as possible participate and expand the program into the future. If enacted, this expansion would bring in an estimated \$47 million per year, allowing for the possibility of expanding participation in the Delayed Payment Plan to students at Pennsylvania's 4-year state institutions higher education as well.

HB 2287

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," providing for Delayed Payment Plan
6 Program; and establishing the Delayed Payment Plan Program
7 Fund.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
11 as the Public School Code of 1949, is amended by adding an
12 article to read:

ARTICLE XIX-H

DELAYED PAYMENT PLAN PROGRAM

Section 1901-H. Definitions.

16 The following words and phrases when used in this article
17 shall have the meanings given to them in this section unless the
18 context clearly indicates otherwise:

19 "Agency." The Pennsylvania Higher Education Assistance
20 Agency.

1 "Department." The Department of Education of the
2 Commonwealth.

3 "Fund." The Delayed Payment Plan Program Fund established
4 under section 1905-H.

5 "Income." Salary, wages, interest, dividends and other
6 earnings that are reportable for Federal income tax purposes.

7 "Income share agreement." An agreement between the agency
8 and a student under which the student commits to pay a specified
9 percentage of the student's future income, for a specified
10 period of time, in addition to the requirements and terms
11 specified under sections 1903-H and 1906-H, in exchange for
12 payments to, or on behalf of, the student for a portion of the
13 student's tuition for attendance at the institution of higher
14 education.

15 "Institution of higher education." As defined under section
16 118(c).

17 "Participating institution." A participating institution of
18 higher education.

19 "Program." The Delayed Payment Plan Program established
20 under section 1902-H.

21 "Tuition." A sum of money charged for teaching or
22 instruction by a school, college or university.

23 Section 1902-H. Establishment of program.

24 Subject to receipt of grants, contributions or amounts
25 appropriated specifically for this purpose, the Delayed Payment
26 Plan Program is established. The agency may enter into an income
27 share agreement with students accepted for enrollment at any of
28 the 14 Pennsylvania State community colleges or the Thaddeus
29 Stevens College of Technology beginning with the 2021-2022
30 academic year. The agency may decide to offer the program to

1 students accepted or enrolled in any of the 14 PASSHE
2 institutions beginning with the 2026-2027 school year.

3 Section 1903-H. Eligibility requirements.

4 In order to qualify for participation in the program, a
5 student must meet all of the following requirements:

6 (1) The student must be a resident of this Commonwealth,
7 as defined by the Pennsylvania State Grant Program.

8 (2) The student must agree to remain a resident of this
9 Commonwealth 10 years after graduation or until the tuition
10 is repaid, whichever occurs first.

11 (3) The student must pursue a degree in a high-need
12 area, as identified by the participating institution and
13 approved by the agency.

14 (4) The student demonstrates Federal Direct Student Loan
15 eligibility.

16 Section 1904-H. Powers and duties of agency.

17 The agency shall have the following powers and duties:

18 (1) Impose reasonable limits on the terms of income
19 share agreements.

20 (2) Partner with participating institutions of higher
21 education to publicize the availability of the program to
22 students and to select participants for the program, subject
23 to the number of students that may be supported by the fund.

24 (3) Distribute income share agreement program money to
25 participating institutions of higher education based on the
26 total annual tuition cost for participating students.

27 (4) Contract with a program administrator for execution
28 of income share agreements.

29 (5) Ensure transparency in investment decisions and
30 processes.

1 (6) Make, execute and deliver contracts, conveyances and
2 other instruments necessary to the exercise and discharge of
3 the agency's powers and duties under this article.

4 Section 1905-H. Delayed Payment Plan Program Fund.

5 (a) Establishment.--The Delayed Payment Plan Program Fund is
6 established within the State Treasury, from which income share
7 agreement money shall be disbursed to program administrators
8 through the agency. Expenditures from the fund may be used only
9 for the program. Administrative costs for the program may not
10 exceed \$400,000 in the first year of the program or \$300,000
11 annually thereafter. Only the agency may authorize expenditures
12 from the fund.

13 (b) Sources of fund.--The fund may consist of:

14 (1) Grants and contributions from private sources.

15 (2) Appropriations made to the fund by the General
16 Assembly.

17 (3) Money collected under income share agreements.

18 (4) Interest on money deposited into the fund.

19 (5) An annual appropriation of \$45,000,000 from the
20 General Fund by the General Assembly.

21 (c) Grants.--The agency may solicit and accept grants and
22 contributions from private sources for deposit into the fund.

23 Section 1906-H. Income share agreement terms.

24 An income share agreement entered into under this article
25 must:

26 (1) Specify the period of repayment, which shall not
27 exceed 10 years and shall commence six months after the later
28 of graduation of the student from:

29 (i) A participating institution of higher education
30 upon successful completion of a degree, diploma or

1 certificate program.

2 (ii) A four-year institution of higher education, if
3 the student is admitted to the four-year institution of
4 higher education within six months of completing required
5 coursework or at the discretion of the agency.

6 (2) Except as provided under paragraph (5), provide that
7 no monthly payment be owed by the student for any period of
8 time during which the student's annual income is equal to or
9 less than \$30,000.

10 (3) Specify the terms and conditions under which the
11 student may extinguish the student's repayment obligation
12 under the agreement before the end of the repayment period.

13 (4) Specify that the student be required to repay a
14 minimum of 2% of future annual income for 10 years or when
15 the tuition is repaid, whichever occurs first.

16 (5) Provide that a student with an outstanding balance
17 at the end of the 10-year period under paragraph (4) be
18 required to repay the remaining balance plus 3.5% annualized
19 interest on the remaining balance until repaid.

20 (6) Specify a cap on the total amount that a student be
21 required to repay under the agreement, which may not exceed
22 200% of the amount provided to the student under the income
23 share agreement.

24 (7) Specify that a student's obligation under an income
25 share agreement may be forgiven if the student meets either
26 of the following:

27 (i) Is unable to engage in any substantial gainful
28 activity by reason of any medically determinable physical
29 or mental impairment that:

30 (A) can be expected to result in death;

1 (B) has lasted for a continuous period of not
2 less than 60 months; or

3 (C) can be expected to last for a continuous
4 period of not less than 60 months.

5 (ii) Has been determined by the United States
6 Secretary of Veterans Affairs to be unemployable due to a
7 service-connected disability.

8 (8) Specify that a student's obligation under an income
9 share agreement be discharged if the student dies.

10 (9) Specify that an income share agreement is not a debt
11 instrument.

12 (10) Provide that a participating student who does not
13 complete coursework after five years be required to repay the
14 student's outstanding balance in full plus 3.5% annualized
15 interest, unless the student meets any of the criteria
16 specified in paragraph (7).

17 Section 1907-H. Notification to student.

18 An income share agreement is not in compliance with this
19 article unless the student, prior to entering into the income
20 share agreement, is provided with written notification that
21 clearly states all of the following:

22 (1) that the income share agreement is not a debt
23 instrument;

24 (2) that the amount the student will be required to pay
25 under the income share agreement may be more or less than the
26 amount provided to the student, but shall not be more than
27 the cap determined under section 1906-H(6);

28 (3) the terms and conditions under which the student may
29 extinguish the student's repayment obligation under the
30 income share agreement before the end of the repayment

1 period;

2 (4) the duration of the student's obligation under the
3 income share agreement;

4 (5) the percentage of the student's future annual income
5 that the student is committing to pay under the income share
6 agreement, as determined under section 1906-H(4) and the
7 minimum amount of annual income that triggers the student's
8 repayment obligation under the income share agreement; and

9 (6) the definition of "income" used to calculate the
10 student's repayment obligation.

11 Section 1908-H. Reports.

12 (a) Initial report.--The agency, in consultation with
13 participating institutions of higher education, shall submit a
14 report to the Appropriations Committee of the Senate, the
15 Appropriations Committee of the House of Representatives, the
16 Education Committee of the Senate and the Education Committee of
17 the House of Representatives no later than March 1, 2025. The
18 report shall include, but not be limited to:

19 (1) The number of students, by credit level, who have
20 entered into an income share agreement with a participating
21 institution of higher education.

22 (2) The average amount of money provided to students
23 under income share agreements.

24 (3) A complete count, by course of study, of all
25 students who have entered into an income share agreement with
26 a participating institution of higher education.

27 (b) Further report.--The agency, in consultation with
28 participating institutions of higher education and the
29 department, shall submit a report to the Appropriations
30 Committee of the Senate, the Appropriations Committee of the

1 House of Representatives, the Education Committee of the Senate
2 and the Education Committee of the House of Representatives no
3 later than March 1, 2030. The report shall include, but not be
4 limited to:

5 (1) The number of students, by credit level, who have
6 entered into an income share agreement with the participating
7 institution of higher education.

8 (2) The number of graduates who entered into an income
9 share agreement with participating institutions of higher
10 education, the average and range of annual incomes of those
11 graduates and the average and range of the monthly payments
12 under income share agreements.

13 (3) The balance of the fund established under section
14 1905-H.

15 Section 2. This act shall take effect in 60 days.

HB 2286

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," in sales and use tax, further providing for
11 definitions.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 201(k)(4) and (o)(4) introductory
15 paragraph of act of March 4, 1971 (P.L.6, No.2), known as the
16 Tax Reform Code of 1971, are amended, clauses (k) and (o) are
17 amended by adding subclauses and the section is amended by
18 adding a clause to read:

19 Section 201. Definitions.--The following words, terms and
20 phrases when used in this Article II shall have the meaning
21 ascribed to them in this section, except where the context
22 clearly indicates a different meaning:

1 * * *

2 (k) "Sale at retail."

3 * * *

4 (4) The rendition for a consideration of the service of
5 repairing, altering, mending, pressing, fitting, dyeing,
6 laundering [~~drycleaning~~] or cleaning tangible personal property
7 other than wearing apparel or shoes, or applying or installing
8 tangible personal property as a repair or replacement part of
9 other tangible personal property except wearing apparel or shoes
10 for a consideration, whether or not the services are performed
11 directly or by any means other than by coin-operated self-
12 service laundry equipment for wearing apparel or household goods
13 and whether or not any tangible personal property is transferred
14 in conjunction therewith, except such services as are rendered
15 in the construction, reconstruction, remodeling, repair or
16 maintenance of real estate: Provided, however, That this
17 subclause shall not be deemed to impose tax upon such services
18 in the preparation for sale of new items which are excluded from
19 the tax under clause (26) of section 204, or upon diaper
20 service.

21 * * *

22 (20) The rendition for a consideration of a dry cleaning
23 service.

24 * * *

25 (o) "Use."

26 * * *

27 (4) The obtaining by a purchaser of the service of
28 repairing, altering, mending, pressing, fitting, dyeing,
29 laundering [~~drycleaning~~] or cleaning tangible personal property
30 other than wearing apparel or shoes or applying or installing

1 tangible personal property as a repair or replacement part of
2 other tangible personal property other than wearing apparel or
3 shoes, whether or not the services are performed directly or by
4 any means other than by means of coin-operated self-service
5 laundry equipment for wearing apparel or household goods, and
6 whether or not any tangible personal property is transferred to
7 the purchaser in conjunction therewith, except such services as
8 are obtained in the construction, reconstruction, remodeling,
9 repair or maintenance of real estate: Provided, however, That
10 this subclause shall not be deemed to impose tax upon such
11 services in the preparation for sale of new items which are
12 excluded from the tax under clause (26) of section 204, or upon
13 diaper service: And provided further, That the term "use" shall
14 not include--

15 * * *

16 (19) The obtaining by the purchaser of a dry cleaning
17 service.

18 * * *

19 (mmm) "Drycleaning service."

20 (1) Any of the following:

21 (A) Providing garment and textile services at facilities
22 using drycleaning equipment.

23 (B) Providing dropoff and pickup sites for drycleaners.

24 (C) Providing specialty cleaning services for specific types
25 of garments and other textile items, including:

26 (i) Fur, leather or suede garments.

27 (ii) Wedding gowns.

28 (iii) Hats.

29 (iv) Draperies and pillows.

30 (2) The term does not include services rendered on carpets