

SHORT TITLE: Schools; allowing use of social security number in default collections; effective date; emergency.

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

SENATE BILL NO. 417

By: Williams

AS INTRODUCED

An Act relating to schools; amending 70 O.S. 1991, Section 623, as amended by Section 1, Chapter 261, O.S.L. 1996 (70 O.S. Supp. 1996, Section 623), which relates to student loans; providing construction of certain statute; allowing use of social security number for use in default prevention or collection of student loans; limiting use of certain information; limiting liability; amending Section 2, Chapter 261, O.S.L. 1996 (70 O.S. Supp. 1996, Section 623.1), which relates to suspensions of licenses; allowing certain reporting to Oklahoma Bar Association; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 1991, Section 623, as amended by Section 1, Chapter 261, O.S.L. 1996 (70 O.S. Supp. 1996, Section 623), is amended to read as follows:

Section 623. The Oklahoma State Regents for Higher Education are hereby authorized to utilize the Student Educational Assistance Fund and to administer the student loan guarantee program under the federal Higher Education Act of 1965 for guaranteeing loans made by private or public lending institutions to applicants for such loan guarantees for the purpose of obtaining financial assistance for

attendance at any vocational rehabilitation school, vocational education or trade school, or any institution of higher learning, under the following conditions:

1. Every such applicant shall demonstrate to the satisfaction of the Regents or their delegate or delegates that the student is a worthy applicant for such assistance, that the student is unable to obtain funds necessary for an adequate program of education at the institution of the student's choice without such assistance, and shall undertake repayment of the loan guarantee in compliance with conditions stated herein;

2. No such loan guaranteed by the Regents through the Student Educational Assistance Fund, except as required by federal regulation, shall require repayment while the student is pursuing at least a half-time course of study on a continuing basis in a vocational rehabilitation school, vocational education or trade school, or institution of higher learning. The rate of interest on the loan shall be subject to the approval of the Regents, but shall not be in excess of the interest or rate of interest allowable in any similar federally guaranteed Student Loan Program;

3. The Regents for Higher Education are further authorized and empowered to promulgate such rules and procedures with respect to applicant eligibility, terms of loans, and other matters they may consider appropriate, as will facilitate the program authorized by this act, and as will not conflict with the terms hereof. Such procedures may include, but not be limited to, entering into agreements with other Federal Family Education Loan Program (FFELP) participants such as schools, lenders, servicers, secondary markets, collection agencies, guarantee agencies, and the United States Department of Education. It is the intent of the Legislature that the Regents for Higher Education consider the hardships existing due to previous requirements of applicants. That, further, the Regents make every effort to consolidate previous loans of full-time

students for students now qualifying as part-time students and guarantee these combined loans;

4. The Oklahoma State Regents for Higher Education may notify each licensing board in this state of the default of payment of the student in accordance with Section ~~2~~ 623.1 of this ~~act~~ title; and

5. The provisions of Section 3113 of Title 74 of the Oklahoma Statutes shall not be construed to prevent any exchange of confidential information, indexed by social security number between any state agency, board or commission or other unit or subdivision of state government, and any official, employee or agent of the State Regents, where the information is required for use in the default prevention efforts or collection of defaulted student loans guaranteed by the State Regents. Any information disclosed under this provision shall be utilized for the purpose outlined herein and shall be held strictly confidential by the State Regents. Further no liability whatsoever, civil or criminal, shall attach to any member or employee of any entity referred to in this section, for any error or omission in the disclosure of such information; and

6. In addition to other collection methods authorized by law, the Oklahoma State Regents for Higher Education may establish and implement programs for administrative garnishment and wage withholding, in accordance with applicable federal laws and regulations, to collect on defaulted student loans.

SECTION 2. AMENDATORY Section 2, Chapter 261, O.S.L. 1996 (70 O.S. Supp. 1996, Section 623.1), is amended to read as follows:

Section 623.1 A. For licensees determined to be in default, pursuant to the applicable federal regulation, the Regents shall prescribe rules and procedures to provide an opportunity for the licensee to enter into a satisfactory repayment agreement and an opportunity for a hearing prior to notification of a licensing board. At least thirty (30) days prior to notification of the

appropriate licensing board, the Regents shall mail to the licensee's last-known address, a written notice of:

1. The nature and amount of the debt;

2. The intention of the Regents to issue notification of default to the appropriate licensing board or boards; and

3. The explanation of the licensee's rights.

B. Following the determination of default, as defined by federal law, the licensee shall be provided the opportunity of a hearing conducted by a hearing official appointed by the State Regents. The hearing official may be any qualified individual, including an administrative law judge, not under the direct supervision or control of the State Regents. Upon written request by the licensee, the decision of the hearing official may be appealed to the State Regents. The State Regents may notify each licensing board in this state of any person who has been determined to be in default on a student loan; provided, the State Regents may consider hardship circumstances in their decision whether to proceed with notification. Upon receipt of the notice, the licensing boards shall suspend and not renew the license of the licensee until further notification by the State Regents.

C. Once so notified, no further administrative review or contested case proceeding within or by the licensing board is required. No licensing board shall be held liable for any suspension or nonrenewal of a license or commercial driver license pursuant to the provisions of this act.

D. The State Regents shall notify, as soon as possible and no later than ten (10) business days, each licensing board when a formerly reported licensee is no longer in default status due to repayment in full, loan rehabilitation or some other action that discharges the licensee of responsibility for repayment or when the licensee achieves satisfactory repayment status. The issuing licensing board shall reinstate or renew the license of the licensee

within thirty (30) days contingent upon the requirements of the licensing board. When the person determined to be in default on a student loan, as defined herein, is a licensed attorney, the State Regents may report the matter to the Oklahoma Bar Association for appropriate license suspension action in accordance with the Rules of Professional Conduct.

E. For purposes of this act:

1. "Licensing board" means any bureau, department, division, board, agency or commission of this state or of a municipality in this state that issues a license;

2. "License" means a license, certificate, registration, permit, approval or other similar document issued by a licensing board granting to an individual a right or privilege to engage in a profession, occupation or business, including Class A, B or C commercial driver licenses issued pursuant to Title 47 of the Oklahoma Statutes; and

3. "Licensee" means any individual who is issued a license by any licensing board in this state.

SECTION 3. This act shall become effective July 1, 1997.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

46-1-0506

PHB