

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and operation of the Texas B-On-time student loan program; authorizing the issuance of bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 56, Education Code, is amended by adding Subchapter Q to read as follows:

SUBCHAPTER Q. TEXAS B-ON-TIME LOAN PROGRAM

Sec. 56.451. DEFINITIONS. In this subchapter:

(1) "Coordinating board" means the Texas Higher Education Coordinating Board.

(2) "Eligible institution" means:

(A) an institution of higher education; or

(B) a private or independent institution of higher education.

(3) "General academic teaching institution," "private or independent institution of higher education," "public junior college," and "public technical institute" have the meanings assigned by Section 61.003.

Sec. 56.452. PROGRAM NAME; PURPOSE. (a) The student loan program authorized by this subchapter is known as the Texas B-On-time loan program, and an individual loan awarded under this subchapter is known as a Texas B-On-time loan.

(b) The purpose of this subchapter is to provide no-interest loans to eligible students to enable those students to attend all

1 public and private or independent institutions of higher education  
2 in this state.

3 Sec. 56.453. ADMINISTRATION OF PROGRAM; RULES. (a) The  
4 coordinating board shall:

5 (1) administer the Texas B-On-time loan program;

6 (2) determine the repayment and other terms of a Texas  
7 B-On-time loan; and

8 (3) in consultation with the student financial aid  
9 officers of eligible institutions, adopt any rules necessary to  
10 implement the program or this subchapter.

11 (b) The coordinating board may charge and collect a loan  
12 origination fee from a person who receives a Texas B-On-time loan to  
13 be used by the board to pay for the operating expenses for making  
14 loans under this subchapter.

15 (c) The total amount of Texas B-On-time loans awarded may  
16 not exceed the amount available in the Texas B-On-time student loan  
17 account under Section 56.463.

18 Sec. 56.454. PERSONS NOT ELIGIBLE. (a) A person is not  
19 eligible to receive a Texas B-On-time loan if the person has been  
20 granted a baccalaureate degree.

21 (b) A person may not receive a Texas B-On-time loan for more  
22 than 150 semester credit hours or the equivalent.

23 Sec. 56.455. INITIAL ELIGIBILITY FOR LOAN. To be eligible  
24 initially for a Texas B-On-time loan, a person must:

25 (1) be a resident of this state for purposes of  
26 Subchapter B, Chapter 54;

27 (2) meet one of the following academic requirements:

1           (A) be a graduate of a public or accredited  
2 private high school in this state who graduated not earlier than the  
3 2002-2003 school year under the recommended or advanced high school  
4 program established under Section 28.025(a); or

5           (B) have received an associate degree from an  
6 eligible institution not earlier than May 1, 2005;

7           (3) be enrolled for a full course load for an  
8 undergraduate student, as determined by the coordinating board, in  
9 an undergraduate degree or certificate program at an eligible  
10 institution;

11           (4) be eligible for federal financial aid, except that  
12 a person is not required to meet any financial need requirement  
13 applicable to a particular federal financial aid program; and

14           (5) comply with any additional nonacademic  
15 requirement adopted by the coordinating board under this  
16 subchapter.

17           Sec. 56.456. CONTINUING ELIGIBILITY AND ACADEMIC  
18 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a  
19 Texas B-On-time loan, a person may continue to receive a Texas  
20 B-On-time loan for each semester or term in which the person is  
21 enrolled at an eligible institution only if the person:

22           (1) is enrolled for a full course load for an  
23 undergraduate student, as determined by the coordinating board, in  
24 an undergraduate degree or certificate program at an eligible  
25 institution;

26           (2) is eligible for federal financial aid, except that  
27 a person is not required to meet any financial need requirement

1 applicable to a particular federal financial aid program;

2 (3) makes satisfactory academic progress toward a  
3 degree or certificate as determined by the institution at which the  
4 person is enrolled, if the person is enrolled in the person's first  
5 academic year at the institution;

6 (4) completed at least 75 percent of the semester  
7 credit hours attempted by the person in the most recent academic  
8 year and has a cumulative grade point average of at least 2.5 on a  
9 four-point scale or the equivalent on all coursework previously  
10 attempted at institutions of higher education, if the person is  
11 enrolled in any academic year after the person's first academic  
12 year; and

13 (5) complies with any additional nonacademic  
14 requirement adopted by the coordinating board.

15 (b) If a person fails to meet any of the requirements of  
16 Subsection (a) after the completion of any semester or term, the  
17 person may not receive a Texas B-On-time loan for the next semester  
18 or term in which the person enrolls. A person may become eligible  
19 to receive a Texas B-On-time loan in a subsequent semester or term  
20 if the person:

21 (1) completes a semester or term during which the  
22 person is not eligible for a Texas B-On-time loan; and

23 (2) meets all of the requirements of Subsection (a).

24 (c) A person who is eligible to receive a Texas B-On-time  
25 loan continues to remain eligible to receive the Texas B-On-time  
26 loan if the person enrolls in or transfers to another eligible  
27 institution.

1       (d) A person who qualifies for and subsequently receives a  
2 Texas B-On-time loan, who receives an undergraduate certificate or  
3 associate degree, and who, not later than the 12th month after the  
4 month the person receives the certificate or degree, enrolls in a  
5 program leading to a higher-level undergraduate degree continues to  
6 be eligible for a Texas B-On-time loan to the extent other  
7 eligibility requirements are met.

8       Sec. 56.457. WAIVER OF COURSE LOAD REQUIREMENT. (a) The  
9 coordinating board shall adopt rules to allow a person who is  
10 otherwise eligible to receive a Texas B-On-time loan, in the event  
11 of a hardship or other good cause, to receive a Texas B-On-time loan  
12 while enrolled in a number of semester credit hours that is less  
13 than the number of semester credit hours required under Section  
14 56.455 or 56.456, as applicable.

15       (b) The coordinating board may not allow a person to receive  
16 a Texas B-On-time loan while enrolled in fewer than six semester  
17 credit hours.

18       Sec. 56.458. LOAN USE. A person receiving a Texas B-On-time  
19 loan may use the money to pay for any usual and customary costs of  
20 attendance at an eligible institution incurred by the student,  
21 including tuition, fees, books, and room and board.

22       Sec. 56.459. LOAN AMOUNT. (a) The amount of a Texas  
23 B-On-time loan for a semester or term for a student enrolled  
24 full-time at an eligible institution other than an institution  
25 covered by Subsection (b), (c), or (d) is an amount determined by  
26 the coordinating board as the average statewide amount of tuition  
27 and required fees that a resident student enrolled full-time in an

1 undergraduate degree program would be charged for that semester or  
2 term at general academic teaching institutions.

3 (b) The amount of a Texas B-On-time loan for a student  
4 enrolled full-time at a private or independent institution of  
5 higher education is an amount determined by the coordinating board  
6 as the average statewide amount of tuition and required fees that a  
7 resident student enrolled full-time in an undergraduate degree  
8 program would be charged for that semester or term at general  
9 academic teaching institutions.

10 (c) The amount of a Texas B-On-time loan for a student  
11 enrolled full-time at a public technical institute is the amount  
12 determined by the coordinating board as the average statewide  
13 amount of tuition and required fees that a resident student  
14 enrolled full-time in an associate degree or certificate program  
15 would be charged for that semester or term at public technical  
16 institutes.

17 (d) The amount of a Texas B-On-time loan for a student  
18 enrolled full-time at a public junior college is the amount  
19 determined by the coordinating board as the average statewide  
20 amount of tuition and required fees that a student who is a resident  
21 of the junior college district and is enrolled full-time in an  
22 associate degree or certificate program would be charged for that  
23 semester or term at public junior colleges.

24 (e) Not later than January 31 of each year, the coordinating  
25 board shall publish the amounts of each loan established by the  
26 board for each type of institution for the academic year beginning  
27 the next fall semester.

1       (f) If in any academic year the amount of money in the Texas  
2 B-On-time student loan account is insufficient to provide the loans  
3 to all eligible persons in amounts specified by this section, the  
4 coordinating board shall determine the amount of available money  
5 and shall allocate that amount to eligible institutions in  
6 proportion to the number of full-time equivalent undergraduate  
7 students enrolled at each institution. Each institution shall use  
8 the money allocated to award Texas B-On-time loans to eligible  
9 students enrolled at the institution selected according to  
10 financial need.

11       Sec. 56.460. NOTIFICATION OF PROGRAM; RESPONSIBILITIES OF  
12 SCHOOL DISTRICTS. (a) The coordinating board shall distribute to  
13 each eligible institution and to each school district a copy of the  
14 rules adopted under this subchapter.

15       (b) Each school district shall notify its middle school  
16 students, junior high school students, and high school students,  
17 those students' teachers and counselors, and those students'  
18 parents or guardians of the Texas B-On-time loan program and the  
19 eligibility requirements of the program.

20       Sec. 56.461. LOAN PAYMENT DEFERRED. The repayment of a  
21 Texas B-On-time loan received by a student under this subchapter is  
22 deferred as long as the student remains continuously enrolled in an  
23 undergraduate degree or certificate program at an eligible  
24 institution.

25       Sec. 56.462. LOAN FORGIVENESS. A student who receives a  
26 Texas B-On-time loan shall be forgiven the amount of the student's  
27 loan if the student is awarded an undergraduate certificate or

1 degree at an eligible institution with a cumulative grade point  
2 average of at least 3.0 on a four-point scale or the equivalent:

3 (1) within:

4 (A) four calendar years after the date the  
5 student initially enrolled in the institution or another eligible  
6 institution if:

7 (i) the institution is a four-year  
8 institution; and

9 (ii) the student is awarded a degree other  
10 than a degree in engineering, architecture, or any other program  
11 determined by the coordinating board to require more than four  
12 years to complete;

13 (B) five calendar years after the date the  
14 student initially enrolled in the institution or another eligible  
15 institution if:

16 (i) the institution is a four-year  
17 institution; and

18 (ii) the student is awarded a degree in  
19 engineering, architecture, or any other program determined by the  
20 coordinating board to require more than four years to complete; or

21 (C) two years after the date the student  
22 initially enrolled in the institution or another eligible  
23 institution if the institution is a public junior college or public  
24 technical institute; or

25 (2) with a total number of semester credit hours,  
26 including transfer credit hours and hours earned exclusively by  
27 examination, that is not more than six hours more than the minimum



1 number of semester credit hours required to complete the  
2 certificate or degree.

3 Sec. 56.463. TEXAS B-ON-TIME STUDENT LOAN ACCOUNT.

4 (a) The Texas B-On-time student loan account is an account in the  
5 general revenue fund. The account consists of gifts and grants and  
6 legislative appropriations received under Section 56.464, tuition  
7 set aside under Section 56.465, and other money required by law to  
8 be deposited in the account.

9 (b) Money in the Texas B-On-time student loan account may be  
10 used only as provided by this subchapter.

11 Sec. 56.464. FUNDING. (a) The coordinating board may  
12 solicit and accept gifts and grants from any public or private  
13 source for the purposes of this subchapter.

14 (b) The coordinating board may issue and sell general  
15 obligation bonds under Subchapter F, Chapter 52, for the purposes  
16 of this subchapter.

17 (c) The legislature may appropriate money for the purposes  
18 of this subchapter.

19 Sec. 56.465. TUITION SET ASIDE FOR PROGRAM. (a) The  
20 governing board of each institution of higher education shall cause  
21 to be set aside five percent of the amount of the tuition charged to  
22 a student at the institution under Section 54.0513 that is in excess  
23 of the amount that would have been charged to the student under that  
24 section for the same semester or term in the 2002-2003 academic  
25 year.

26 (b) The amount of tuition set aside under Subsection (a)  
27 shall be deposited to the credit of the Texas B-On-time student loan

1 account established under Section 56.463.

2 SECTION 2. Subsection (d), Section 52.82, Education Code,  
3 is amended to read as follows:

4 (d) The total amount of bonds issued by the board in a state  
5 fiscal year may not exceed \$125 [~~\$100~~] million.

6 SECTION 3. Section 52.89, Education Code, is amended by  
7 amending Subsection (c) and adding Subsection (c-1) to read as  
8 follows:

9 (c) The board shall deposit to the credit of the fund any  
10 [~~the~~] proceeds from the sale of bonds [~~in the fund~~], excluding:

11 (1) any accrued interest on the bonds which shall be  
12 deposited in the board interest and sinking fund relating to the  
13 bonds; and

14 (2) proceeds from the sale of bonds issued by the board  
15 under Section 56.464(b) to provide Texas B-On-time student loans.

16 (c-1) Notwithstanding Subsection (c), proceeds from the  
17 sale of bonds issued by the board under Section 56.464(b) to provide  
18 Texas B-On-time student loans may be deposited to the credit of the  
19 fund by resolution of the board.

20 SECTION 4. Subchapter F, Chapter 52, Education Code, is  
21 amended by amending Section 52.90 and adding Section 52.91 to read  
22 as follows:

23 Sec. 52.90. LOANS FROM FUND. (a) The board:

24 (1) shall make a loan from the fund to a student who  
25 qualifies for a loan under Subchapter C; and

26 (2) may make a loan from the fund to a student who  
27 qualifies for a Texas B-On-time student loan under Subchapter Q,

1 Chapter 56 [~~of this chapter~~].

2 (b) Loans from the fund are governed by Subchapter C of this  
3 chapter or Subchapter Q, Chapter 56, as appropriate, as if made  
4 under that subchapter, except to the extent of conflict with this  
5 subchapter.

6 (c) The board may charge and collect a loan origination fee  
7 from a person [~~student~~] who receives a loan from the fund. The  
8 board may use the fee to pay operating expenses for making loans  
9 under this section.

10 Sec. 52.91. BONDS FOR TEXAS B-ON-TIME STUDENT LOAN PROGRAM.

11 (a) The board shall deposit to the credit of the Texas B-On-time  
12 student loan account established under Section 56.463 any proceeds  
13 from the sale of bonds issued by the board to fund Texas B-On-time  
14 student loans under Section 56.464(b), other than:

15 (1) accrued interest on the bonds, which shall be  
16 deposited to the credit of the interest and sinking fund related to  
17 the bonds; and

18 (2) any proceeds from the sale of the bonds that the  
19 board by resolution deposits to the student loan auxiliary fund  
20 under Section 52.89(c-1).

21 (b) The board by resolution may establish as provided by  
22 Section 52.03 one or more interest and sinking funds to be used for  
23 any purpose relating to the Texas B-On-time student loan program  
24 established under Subchapter Q, Chapter 56.

25 (c) The board shall repay bonds issued by the board to fund  
26 the Texas B-On-time student loan program using legislative  
27 appropriations and money collected by the board as repayment for

1 Texas B-On-time student loans awarded by the board. The board may  
2 not use money collected by the board as repayment for student loans  
3 awarded by the board under Subchapter C to repay bonds issued by the  
4 board for the Texas B-On-time student loan program under Section  
5 56.464(b).

6 SECTION 5. (a) The Texas Higher Education Coordinating  
7 Board and the eligible institutions shall award loans under the  
8 Texas B-On-time student loan program established under Subchapter  
9 Q, Chapter 56, Education Code, as added by this Act, beginning with  
10 the 2003 fall semester.

11 (b) The Texas Higher Education Coordinating Board shall  
12 adopt the initial rules for awarding loans under the Texas  
13 B-On-time student loan program established under Subchapter Q,  
14 Chapter 56, Education Code, as added by this Act, as soon as  
15 practicable after the effective date of this Act. The coordinating  
16 board may adopt those initial rules in the manner provided by law  
17 for emergency rules.

18 SECTION 6. This Act takes effect immediately if it receives  
19 a vote of two-thirds of all the members elected to each house, as  
20 provided by Section 39, Article III, Texas Constitution. If this  
21 Act does not receive the vote necessary for immediate effect, this  
22 Act takes effect September 1, 2003.