

By: Zaffirini

S.B. No. 4

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and operation of the Texas school fund student loan program.

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 SCHOOL FUND 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 school fund loan program, and an individual loan awarded under this subchapter is known as a Texas school fund 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 school fund loan program;

6 (2) determine the repayment and other terms of a Texas
7 school fund 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 total amount of Texas school fund loans awarded may
12 not exceed the amount available in the Texas school fund student
13 loan account under Section 56.463.

14 Sec. 56.454. PERSONS NOT ELIGIBLE. (a) A person is not
15 eligible to receive a Texas school fund loan if the person has been
16 granted a baccalaureate degree.

17 (b) A person may not receive a Texas school fund loan for
18 more than 150 semester credit hours or the equivalent.

19 Sec. 56.455. INITIAL ELIGIBILITY FOR LOAN. To be eligible
20 initially for a Texas school fund loan, a person must:

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

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

24 (A) be a graduate of a public or accredited
25 private high school in this state who graduated:

26 (i) not earlier than the 2002-2003 school
27 year; and

1 (ii) with a cumulative grade point average
2 of at least 3.0 on a four-point scale or the equivalent;

3 (B) have received an associate degree from an
4 eligible institution not earlier than May 1, 2005, with a
5 cumulative grade point average of at least 3.0 on a four-point scale
6 or the equivalent; or

7 (C) be an undergraduate student at an eligible
8 institution with a cumulative grade point average of at least 3.0 on
9 a four-point scale or the equivalent;

10 (3) be enrolled for at least three-fourths of a full
11 course load for an undergraduate student, as determined by the
12 coordinating board, in an undergraduate degree or certificate
13 program at an eligible institution;

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

17 (5) comply with any additional nonacademic
18 requirement adopted by the coordinating board under this
19 subchapter.

20 Sec. 56.456. CONTINUING ELIGIBILITY AND ACADEMIC
21 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
22 Texas school fund loan, a person may continue to receive a Texas
23 school fund loan for each semester or term in which the person is
24 enrolled at an eligible institution only if the person:

25 (1) is enrolled for at least three-fourths of a full
26 course load for an undergraduate student, as determined by the
27 coordinating board, in an undergraduate degree or certificate

1 program at an eligible institution;

2 (2) is eligible for federal financial aid, except that
3 a person is not required to meet any financial need requirement
4 applicable to a particular federal financial aid program;

5 (3) maintains a cumulative grade point average of at
6 least 3.0 on a four-point scale or the equivalent; and

7 (4) complies with any additional nonacademic
8 requirement adopted by the coordinating board.

9 (b) If a person fails to meet any of the requirements of
10 Subsection (a) after the completion of any semester or term, the
11 person may not receive a Texas school fund loan for the next
12 semester or term in which the person enrolls. A person may become
13 eligible to receive a Texas school fund loan in a subsequent
14 semester or term if the person:

15 (1) completes a semester or term during which the
16 student is not eligible for a Texas school fund loan; and

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

18 (c) A person who is eligible to receive a Texas school fund
19 loan continues to remain eligible to receive the Texas school fund
20 loan if the person enrolls in or transfers to another eligible
21 institution.

22 (d) A person who qualifies for and subsequently receives a
23 Texas school fund loan, who receives an undergraduate certificate
24 or associate degree, and who, not later than the 12th month after
25 the month the person receives the certificate or degree, enrolls in
26 a program leading to a higher-level undergraduate degree continues
27 to be eligible for a Texas school fund loan to the extent other

1 eligibility requirements are met.

2 Sec. 56.457. WAIVER OF COURSE LOAD REQUIREMENT. (a) The
3 coordinating board shall adopt rules to allow a person who is
4 otherwise eligible to receive a Texas school fund loan, in the event
5 of a hardship or other good cause, to receive a Texas school fund
6 loan while enrolled in a number of semester credit hours that is
7 less than the number of semester credit hours required under
8 Section 56.455 or 56.456, as applicable.

9 (b) The coordinating board may not allow a person to receive
10 a Texas school fund loan while enrolled in fewer than six semester
11 credit hours.

12 Sec. 56.458. LOAN USE. A person receiving a Texas school
13 fund loan may use the money to pay for any usual and customary costs
14 of attendance at an eligible institution incurred by the student,
15 including tuition, fees, books, and room and board.

16 Sec. 56.459. LOAN AMOUNT. (a) The amount of a Texas school
17 fund loan for a semester or term for a student enrolled full-time at
18 an eligible institution other than an institution covered by
19 Subsection (b), (c), or (d) is an amount determined by the
20 coordinating board as the average statewide amount of tuition and
21 required fees that a resident student enrolled full-time in an
22 undergraduate degree program would be charged for that semester or
23 term at general academic teaching institutions.

24 (b) The amount of a Texas school fund loan for a student
25 enrolled full-time at a private or independent institution of
26 higher education is an amount determined by the coordinating board
27 as the average statewide amount of tuition and required fees that a

1 resident student enrolled full-time in an undergraduate degree
2 program would be charged for that semester or term at general
3 academic teaching institutions.

4 (c) The amount of a Texas school fund loan for a student
5 enrolled full-time at a public technical institute is the amount
6 determined by the coordinating board as the average statewide
7 amount of tuition and required fees that a resident student
8 enrolled full-time in an associate degree or certificate program
9 would be charged for that semester or term at public technical
10 institutes.

11 (d) The amount of a Texas school fund loan for a student
12 enrolled full-time at a public junior college is the amount
13 determined by the coordinating board as the average statewide
14 amount of tuition and required fees that a student who is a resident
15 of the junior college district and is enrolled full-time in an
16 associate degree or certificate program would be charged for that
17 semester or term at public junior colleges.

18 (e) Not later than January 31 of each year, the coordinating
19 board shall publish the amounts of each loan established by the
20 board for each type of institution for the academic year beginning
21 the next fall semester.

22 (f) If in any academic year the amount of money in the Texas
23 school fund student loan account is insufficient to provide the
24 loans to all eligible persons in amounts specified by this section,
25 the coordinating board shall determine the amount of available
26 money and shall allocate that amount to eligible institutions in
27 proportion to the number of full-time equivalent undergraduate

1 students enrolled at each institution. Each institution shall use
2 the money allocated to award Texas school fund loans to eligible
3 students enrolled at the institution selected according to
4 financial need.

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

9 (b) Each school district shall notify its middle school
10 students, junior high school students, and high school students,
11 those students' teachers and counselors, and those students'
12 parents or guardians of the Texas school fund loan program and the
13 eligibility requirements of the program.

14 Sec. 56.461. LOAN PAYMENT DEFERRED. The repayment of a
15 Texas school fund loan received by a student under this subchapter
16 is deferred as long as the student remains continuously enrolled in
17 an undergraduate degree or certificate program at an eligible
18 institution.

19 Sec. 56.462. LOAN FORGIVENESS. A student who receives a
20 Texas school fund loan shall be forgiven the amount of the student's
21 loan if the student is awarded an undergraduate certificate or
22 degree at an eligible institution with a cumulative grade point
23 average of at least 3.0 on a four-point scale or the equivalent
24 within:

25 (1) four calendar years after the date the student
26 initially enrolled in the institution or another eligible
27 institution if:

1 (A) the institution is a four-year institution;
2 and

3 (B) the student is awarded a degree other than a
4 degree in engineering or architecture;

5 (2) five calendar years after the date the student
6 initially enrolled in the institution or another eligible
7 institution if:

8 (A) the institution is a four-year institution;
9 and

10 (B) the student is awarded a degree in
11 engineering or architecture; or

12 (3) two years after the date the student initially
13 enrolled in the institution or another eligible institution if the
14 institution is a public junior college or public technical
15 institute.

16 Sec. 56.463. TEXAS SCHOOL FUND STUDENT LOAN ACCOUNT. (a)
17 The Texas school fund student loan account is an account in the
18 general revenue fund. The fund consists of gifts and grants and
19 legislative appropriations received under Section 56.464, and
20 other money required by law to be deposited in the account.

21 (b) Money in the Texas school fund student loan account may
22 be used only as provided by this subchapter.

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

26 (b) The legislature may appropriate money for the purposes
27 of this subchapter.

1 SECTION 2. (a) The Texas Higher Education Coordinating
2 Board and the eligible institutions shall award loans under the
3 Texas school fund loan program established under Subchapter Q,
4 Chapter 56, Education Code, as added by this Act, beginning with the
5 2003 fall semester.

6 (b) The Texas Higher Education Coordinating Board shall
7 adopt the initial rules for awarding loans under the Texas school
8 fund loan program established under Subchapter Q, Chapter 56,
9 Education Code, as added by this Act, as soon as practicable after
10 the effective date of this Act. The coordinating board may adopt
11 those initial rules in the manner provided by law for emergency
12 rules.

13 SECTION 3. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2003.