

1-1 By: Zaffirini S.B. No. 4
1-2 (In the Senate - Filed March 14, 2003; March 20, 2003, read
1-3 first time and referred to Committee on Education; May 2, 2003,
1-4 reported adversely, with favorable Committee Substitute by the
1-5 following vote: Yeas 9, Nays 0; May 2, 2003, sent to printer.)

1-6 COMMITTEE SUBSTITUTE FOR S.B. No. 4 By: Zaffirini

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to the establishment and operation of the Texas B-On-time
1-10 student loan program; authorizing the issuance of bonds.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Chapter 56, Education Code, is amended by adding
1-13 Subchapter Q to read as follows:

1-14 SUBCHAPTER Q. TEXAS B-ON-TIME LOAN PROGRAM

1-15 Sec. 56.451. DEFINITIONS. In this subchapter:

1-16 (1) "Coordinating board" means the Texas Higher
1-17 Education Coordinating Board.

1-18 (2) "Eligible institution" means:

1-19 (A) an institution of higher education; or

1-20 (B) a private or independent institution of
1-21 higher education.

1-22 (3) "General academic teaching institution," "private
1-23 or independent institution of higher education," "public junior
1-24 college," and "public technical institute" have the meanings
1-25 assigned by Section 61.003.

1-26 Sec. 56.452. PROGRAM NAME; PURPOSE. (a) The student loan
1-27 program authorized by this subchapter is known as the Texas
1-28 B-On-time loan program, and an individual loan awarded under this
1-29 subchapter is known as a Texas B-On-time loan.

1-30 (b) The purpose of this subchapter is to provide no-interest
1-31 loans to eligible students to enable those students to attend all
1-32 public and private or independent institutions of higher education
1-33 in this state.

1-34 Sec. 56.453. ADMINISTRATION OF PROGRAM; RULES. (a) The
1-35 coordinating board shall:

1-36 (1) administer the Texas B-On-time loan program;

1-37 (2) determine the repayment and other terms of a Texas
1-38 B-On-time loan; and

1-39 (3) in consultation with the student financial aid
1-40 officers of eligible institutions, adopt any rules necessary to
1-41 implement the program or this subchapter.

1-42 (b) The coordinating board may charge and collect a loan
1-43 origination fee from a person who receives a Texas B-On-time loan to
1-44 be used by the board to pay for the operating expenses for making
1-45 loans under this subchapter.

1-46 (c) The total amount of Texas B-On-time loans awarded may
1-47 not exceed the amount available in the Texas B-On-time student loan
1-48 account under Section 56.463.

1-49 Sec. 56.454. PERSONS NOT ELIGIBLE. (a) A person is not
1-50 eligible to receive a Texas B-On-time loan if the person has been
1-51 granted a baccalaureate degree.

1-52 (b) A person may not receive a Texas B-On-time loan for more
1-53 than 150 semester credit hours or the equivalent.

1-54 Sec. 56.455. INITIAL ELIGIBILITY FOR LOAN. To be eligible
1-55 initially for a Texas B-On-time loan, a person must:

1-56 (1) be a resident of this state for purposes of
1-57 Subchapter B, Chapter 54;

1-58 (2) meet one of the following academic requirements:

1-59 (A) be a graduate of a public or accredited
1-60 private high school in this state who graduated not earlier than the
1-61 2002-2003 school year under the recommended or advanced high school
1-62 program established under Section 28.025(a); or

1-63 (B) have received an associate degree from an

2-1 eligible institution not earlier than May 1, 2005;

2-2 (3) be enrolled for a full course load for an
2-3 undergraduate student, as determined by the coordinating board, in
2-4 an undergraduate degree or certificate program at an eligible
2-5 institution;

2-6 (4) be eligible for federal financial aid, except that
2-7 a person is not required to meet any financial need requirement
2-8 applicable to a particular federal financial aid program; and

2-9 (5) comply with any additional nonacademic
2-10 requirement adopted by the coordinating board under this
2-11 subchapter.

2-12 Sec. 56.456. CONTINUING ELIGIBILITY AND ACADEMIC
2-13 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
2-14 Texas B-On-time loan, a person may continue to receive a Texas
2-15 B-On-time loan for each semester or term in which the person is
2-16 enrolled at an eligible institution only if the person:

2-17 (1) is enrolled for a full course load for an
2-18 undergraduate student, as determined by the coordinating board, in
2-19 an undergraduate degree or certificate program at an eligible
2-20 institution;

2-21 (2) is eligible for federal financial aid, except that
2-22 a person is not required to meet any financial need requirement
2-23 applicable to a particular federal financial aid program;

2-24 (3) makes satisfactory academic progress toward a
2-25 degree or certificate as determined by the institution at which the
2-26 person is enrolled, if the person is enrolled in the person's first
2-27 academic year at the institution;

2-28 (4) completed at least 75 percent of the semester
2-29 credit hours attempted by the person in the most recent academic
2-30 year and has a cumulative grade point average of at least 2.5 on a
2-31 four-point scale or the equivalent on all coursework previously
2-32 attempted at institutions of higher education, if the person is
2-33 enrolled in any academic year after the person's first academic
2-34 year; and

2-35 (5) complies with any additional nonacademic
2-36 requirement adopted by the coordinating board.

2-37 (b) If a person fails to meet any of the requirements of
2-38 Subsection (a) after the completion of any semester or term, the
2-39 person may not receive a Texas B-On-time loan for the next semester
2-40 or term in which the person enrolls. A person may become eligible
2-41 to receive a Texas B-On-time loan in a subsequent semester or term
2-42 if the person:

2-43 (1) completes a semester or term during which the
2-44 person is not eligible for a Texas B-On-time loan; and

2-45 (2) meets all of the requirements of Subsection (a).

2-46 (c) A person who is eligible to receive a Texas B-On-time
2-47 loan continues to remain eligible to receive the Texas B-On-time
2-48 loan if the person enrolls in or transfers to another eligible
2-49 institution.

2-50 (d) A person who qualifies for and subsequently receives a
2-51 Texas B-On-time loan, who receives an undergraduate certificate or
2-52 associate degree, and who, not later than the 12th month after the
2-53 month the person receives the certificate or degree, enrolls in a
2-54 program leading to a higher-level undergraduate degree continues to
2-55 be eligible for a Texas B-On-time loan to the extent other
2-56 eligibility requirements are met.

2-57 Sec. 56.457. WAIVER OF COURSE LOAD REQUIREMENT. (a) The
2-58 coordinating board shall adopt rules to allow a person who is
2-59 otherwise eligible to receive a Texas B-On-time loan, in the event
2-60 of a hardship or other good cause, to receive a Texas B-On-time loan
2-61 while enrolled in a number of semester credit hours that is less
2-62 than the number of semester credit hours required under Section
2-63 56.455 or 56.456, as applicable.

2-64 (b) The coordinating board may not allow a person to receive
2-65 a Texas B-On-time loan while enrolled in fewer than six semester
2-66 credit hours.

2-67 Sec. 56.458. LOAN USE. A person receiving a Texas B-On-time
2-68 loan may use the money to pay for any usual and customary costs of
2-69 attendance at an eligible institution incurred by the student,

3-1 including tuition, fees, books, and room and board.

3-2 Sec. 56.459. LOAN AMOUNT. (a) The amount of a Texas
 3-3 B-On-time loan for a semester or term for a student enrolled
 3-4 full-time at an eligible institution other than an institution
 3-5 covered by Subsection (b), (c), or (d) is an amount determined by
 3-6 the coordinating board as the average statewide amount of tuition
 3-7 and required fees that a resident student enrolled full-time in an
 3-8 undergraduate degree program would be charged for that semester or
 3-9 term at general academic teaching institutions.

3-10 (b) The amount of a Texas B-On-time loan for a student
 3-11 enrolled full-time at a private or independent institution of
 3-12 higher education is an amount determined by the coordinating board
 3-13 as the average statewide amount of tuition and required fees that a
 3-14 resident student enrolled full-time in an undergraduate degree
 3-15 program would be charged for that semester or term at general
 3-16 academic teaching institutions.

3-17 (c) The amount of a Texas B-On-time loan for a student
 3-18 enrolled full-time at a public technical institute is the amount
 3-19 determined by the coordinating board as the average statewide
 3-20 amount of tuition and required fees that a resident student
 3-21 enrolled full-time in an associate degree or certificate program
 3-22 would be charged for that semester or term at public technical
 3-23 institutes.

3-24 (d) The amount of a Texas B-On-time loan for a student
 3-25 enrolled full-time at a public junior college is the amount
 3-26 determined by the coordinating board as the average statewide
 3-27 amount of tuition and required fees that a student who is a resident
 3-28 of the junior college district and is enrolled full-time in an
 3-29 associate degree or certificate program would be charged for that
 3-30 semester or term at public junior colleges.

3-31 (e) Not later than January 31 of each year, the coordinating
 3-32 board shall publish the amounts of each loan established by the
 3-33 board for each type of institution for the academic year beginning
 3-34 the next fall semester.

3-35 (f) If in any academic year the amount of money in the Texas
 3-36 B-On-time student loan account is insufficient to provide the loans
 3-37 to all eligible persons in amounts specified by this section, the
 3-38 coordinating board shall determine the amount of available money
 3-39 and shall allocate that amount to eligible institutions in
 3-40 proportion to the number of full-time equivalent undergraduate
 3-41 students enrolled at each institution. Each institution shall use
 3-42 the money allocated to award Texas B-On-time loans to eligible
 3-43 students enrolled at the institution selected according to
 3-44 financial need.

3-45 Sec. 56.460. NOTIFICATION OF PROGRAM; RESPONSIBILITIES OF
 3-46 SCHOOL DISTRICTS. (a) The coordinating board shall distribute to
 3-47 each eligible institution and to each school district a copy of the
 3-48 rules adopted under this subchapter.

3-49 (b) Each school district shall notify its middle school
 3-50 students, junior high school students, and high school students,
 3-51 those students' teachers and counselors, and those students'
 3-52 parents or guardians of the Texas B-On-time loan program and the
 3-53 eligibility requirements of the program.

3-54 Sec. 56.461. LOAN PAYMENT DEFERRED. The repayment of a
 3-55 Texas B-On-time loan received by a student under this subchapter is
 3-56 deferred as long as the student remains continuously enrolled in an
 3-57 undergraduate degree or certificate program at an eligible
 3-58 institution.

3-59 Sec. 56.462. LOAN FORGIVENESS. A student who receives a
 3-60 Texas B-On-time loan shall be forgiven the amount of the student's
 3-61 loan if the student is awarded an undergraduate certificate or
 3-62 degree at an eligible institution with a cumulative grade point
 3-63 average of at least 3.0 on a four-point scale or the equivalent:

3-64 (1) within:

3-65 (A) four calendar years after the date the
 3-66 student initially enrolled in the institution or another eligible
 3-67 institution if:

3-68 (i) the institution is a four-year
 3-69 institution; and

4-1 (ii) the student is awarded a degree other
 4-2 than a degree in engineering, architecture, or any other program
 4-3 determined by the coordinating board to require more than four
 4-4 years to complete;

4-5 (B) five calendar years after the date the
 4-6 student initially enrolled in the institution or another eligible
 4-7 institution if:

4-8 (i) the institution is a four-year
 4-9 institution; and

4-10 (ii) the student is awarded a degree in
 4-11 engineering, architecture, or any other program determined by the
 4-12 coordinating board to require more than four years to complete; or

4-13 (C) two years after the date the student
 4-14 initially enrolled in the institution or another eligible
 4-15 institution if the institution is a public junior college or public
 4-16 technical institute; or

4-17 (2) with a total number of semester credit hours,
 4-18 including transfer credit hours and hours earned exclusively by
 4-19 examination, that is not more than six hours more than the minimum
 4-20 number of semester credit hours required to complete the
 4-21 certificate or degree.

4-22 Sec. 56.463. TEXAS B-ON-TIME STUDENT LOAN ACCOUNT.

4-23 (a) The Texas B-On-time student loan account is an account in the
 4-24 general revenue fund. The account consists of gifts and grants and
 4-25 legislative appropriations received under Section 56.464, and
 4-26 other money required by law to be deposited in the account.

4-27 (b) Money in the Texas B-On-time student loan account may be
 4-28 used only as provided by this subchapter.

4-29 Sec. 56.464. FUNDING. (a) The coordinating board may
 4-30 solicit and accept gifts and grants from any public or private
 4-31 source for the purposes of this subchapter.

4-32 (b) The coordinating board may issue and sell general
 4-33 obligation bonds under Subchapter F, Chapter 52, for the purposes
 4-34 of this subchapter.

4-35 (c) The legislature may appropriate money for the purposes
 4-36 of this subchapter.

4-37 SECTION 2. Subsection (d), Section 52.82, Education Code,
 4-38 is amended to read as follows:

4-39 (d) The total amount of bonds issued by the board in a state
 4-40 fiscal year may not exceed \$125 [~~\$100~~] million.

4-41 SECTION 3. Section 52.89, Education Code, is amended by
 4-42 amending Subsection (c) and adding Subsection (c-1) to read as
 4-43 follows:

4-44 (c) The board shall deposit to the credit of the fund any
 4-45 [~~the~~] proceeds from the sale of bonds [~~in the fund~~], excluding:

4-46 (1) any accrued interest on the bonds which shall be
 4-47 deposited in the board interest and sinking fund relating to the
 4-48 bonds; and

4-49 (2) proceeds from the sale of bonds issued by the board
 4-50 under Section 56.464(b) to provide Texas B-On-time student loans.

4-51 (c-1) Notwithstanding Subsection (c), proceeds from the
 4-52 sale of bonds issued by the board under Section 56.464(b) to provide
 4-53 Texas B-On-time student loans may be deposited to the credit of the
 4-54 fund by resolution of the board.

4-55 SECTION 4. Subchapter F, Chapter 52, Education Code, is
 4-56 amended by amending Section 52.90 and adding Section 52.91 to read
 4-57 as follows:

4-58 Sec. 52.90. LOANS FROM FUND. (a) The board:

4-59 (1) shall make a loan from the fund to a student who
 4-60 qualifies for a loan under Subchapter C; and

4-61 (2) may make a loan from the fund to a student who
 4-62 qualifies for a Texas B-On-time student loan under Subchapter Q,
 4-63 Chapter 56 [~~of this chapter~~].

4-64 (b) Loans from the fund are governed by Subchapter C of this
 4-65 chapter or Subchapter Q, Chapter 56, as appropriate, as if made
 4-66 under that subchapter, except to the extent of conflict with this
 4-67 subchapter.

4-68 (c) The board may charge and collect a loan origination fee
 4-69 from a person [~~student~~] who receives a loan from the fund. The

5-1 board may use the fee to pay operating expenses for making loans
5-2 under this section.

5-3 Sec. 52.91. BONDS FOR TEXAS B-ON-TIME STUDENT LOAN PROGRAM.

5-4 (a) The board shall deposit to the credit of the Texas B-On-time
5-5 student loan account established under Section 56.463 any proceeds
5-6 from the sale of bonds issued by the board to fund Texas B-On-time
5-7 student loans under Section 56.464(b), other than:

5-8 (1) accrued interest on the bonds, which shall be
5-9 deposited to the credit of the interest and sinking fund related to
5-10 the bonds; and

5-11 (2) any proceeds from the sale of the bonds that the
5-12 board by resolution deposits to the student loan auxiliary fund
5-13 under Section 52.89(c-1).

5-14 (b) The board by rule may establish as provided by Section
5-15 52.03 one or more interest and sinking funds to be used for any
5-16 purpose relating to the Texas B-On-time student loan program
5-17 established under Subchapter Q, Chapter 56.

5-18 (c) The board shall repay bonds issued by the board to fund
5-19 the Texas B-On-time student loan program using legislative
5-20 appropriations and money collected by the board as repayment for
5-21 Texas B-On-time student loans awarded by the board. The board may
5-22 not use money collected by the board as repayment for student loans
5-23 awarded by the board under Subchapter C to repay bonds issued by the
5-24 board for the Texas B-On-time student loan program under Section
5-25 56.464(b).

5-26 SECTION 5. (a) The Texas Higher Education Coordinating
5-27 Board and the eligible institutions shall award loans under the
5-28 Texas B-On-time student loan program established under Subchapter
5-29 Q, Chapter 56, Education Code, as added by this Act, beginning with
5-30 the 2003 fall semester.

5-31 (b) The Texas Higher Education Coordinating Board shall
5-32 adopt the initial rules for awarding loans under the Texas
5-33 B-On-time student loan program established under Subchapter Q,
5-34 Chapter 56, Education Code, as added by this Act, as soon as
5-35 practicable after the effective date of this Act. The coordinating
5-36 board may adopt those initial rules in the manner provided by law
5-37 for emergency rules.

5-38 SECTION 6. This Act takes effect immediately if it receives
5-39 a vote of two-thirds of all the members elected to each house, as
5-40 provided by Section 39, Article III, Texas Constitution. If this
5-41 Act does not receive the vote necessary for immediate effect, this
5-42 Act takes effect September 1, 2003.

5-43 * * * * *