

BILL ANALYSIS

H.B. 2274
By: Cook, Byron
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Guaranteed Student Loan Corporation (TG) was created by the Legislature in 1979 to administer the Federal Family Education Loan Program in Texas. This program, better known as FFELP, is a federally funded program that encourages private lenders to make loans to students and their parents to help pay for the cost of postsecondary education. TG does not make loans; instead, it guarantees the repayment of loans to lenders.

TG is subject to the Sunset Act and will be abolished on September 1, 2005, unless continued by the Legislature. As a result of its review of TG, the Sunset Advisory Commission recommended continuation of the agency and offered several statutory modifications that are contained in this legislation.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1 - Updates the Texas Guaranteed Student Loan Corporation's sunset review date to September 1, 2017.

SECTION 2 - Increases the size of the Texas Guaranteed Student Loan Corporation's board to 11 members, from nine. Provides that the Governor shall appoint 10 of the members. Updates standard language developed by the Sunset Commission requiring unbiased appointments to the board.

SECTION 3 - Updates the standard language adopted by the Sunset Commission prohibiting persons from serving as board members or high-level employees of TG if they or their spouse serve as an officer or employee of a related Texas trade association or institution that originates or holds student loans.

SECTION 4 - Requires the TG board members to complete a training program before assuming their duties.

SECTION 5 - Provides for the terms of three or four TG board members, as applicable, to expire on January 31 of each odd-numbered year.

SECTION 6 - Updates the standard language adopted by the Sunset Commission specifying the grounds for removing a board member.

SECTION 7 - Requires the board to separate its policymaking duties from TG's management functions.

SECTION 8 - Requires TG to maintain information on complaints and to notify parties about the policies for, and the status of, complaints.

SECTION 9 - Requires state agencies that conduct higher education and financial aid outreach activities to establish a memorandum of understanding with TG, ensuring that TG and the state agencies coordinate their activities to maximize resources and avoid duplication of effort. Requires TG to report to the legislature by December 1 of each even-numbered year on the demand for student financial aid in Texas.

SECTION 10 - Requires TG to make effective use of technology in its delivery of services and provision of information to the public; including allowing the public the ability to interact with TG on the Internet.

SECTION 11 - Requires state licensing agencies to provide TG with lists of their licensees for TG to use in identifying individuals with defaulted student loans and requires licensing agencies to deny license renewals for individuals with defaulted student loans.

SECTION 12 - Requires TG's internal auditor to report to TG's board, instead of TG's president. Requires the internal auditor to meet with the board, or a designated board committee, on a regular basis to report on the progress and results of audits.

SECTION 13 - Repeals provisions in the Education Code to conform with other modifications in this bill.

Repeals:

- (1) - Section 57.131(e), Education Code;
- (2) - Section 57.20 (d), Education Code; and
- (3) - Section 57.491 (f), Education Code.

SECTION 14 - Requires the Governor to appoint, as soon as possible, one additional member, whose term expires January 31, 2011, to the TG board.

SECTION 15 - Provides that changes made to Section 57.131 of this Act apply only to board members and employees appointed after the bill's effective date.

SECTION 16 - Effective date.

EFFECTIVE DATE

This Act takes effect September 1, 2005