

BILL ANALYSIS

C.S.S.B. 1232
By: Zaffirini
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law provides limited flexibility for a student paying tuition and fees through an installment plan, and offers no provisions for the payment of small balances with an installment plan, online agreements for emergency loans, or the option to charge an origination fee rather than interest on an emergency loan.

C.S.S.B. 1232 provides flexibility in installment plans used by students to pay tuition and fees to an institution of higher education. The bill authorizes electronic agreements for emergency loans, and allows an origination fee, rather than interest, to be charged for an emergency loan. The bill also repeals a duplicative section of code.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 54.007, Education Code, by amending Subsections (a), (b), and (d), by amending and relettering Subsection (f), as added by Chapter 888, Acts of the 79th Legislature, Regular Session, 2005, as Subsection (g), and by adding Subsection (b-1), as follows:

(a) Requires a governing board (board) of an institution of higher education (institution) to provide for the payment of tuition and fees for the fall and spring semesters either through full payment before the beginning of the semester, except as provided by Subsection (b-1), or in installments under one or more payment plan options that require the first payment to be made before the semester and the final payment to be made before the last day of the semester. Deletes existing text relating to the previous installment payment requirements.

(b) Requires a board to provide for the payment of tuition and fees for a summer term either through full payment before the beginning of the term, except as provided by Subsection (b-1); through installments under one or more payment plan options that require the first payment to be made before the term begins, and the final payment to be made before the last day of the term; or, if enrolled for a summer term in certain other institutions, through a process as previously provided in this subsection. Deletes existing text relating to the previous installment payment requirements.

(b-1) Requires a student owing a balance of tuition and fees as a result of a change in the student's class schedule or a balance less than \$100 after making an insufficient payment of tuition and fees to pay the balance owed not later than the next payment date established by a board under a payment plan adopted under Subsection (a)(2) or (b)(2), as applicable.

(d) Requires a board to include in any written or electronic agreement authorized by a student, rather than any promissory note signed by a student, a statement set forth in this subsection regarding the failure to pay the full amount of tuition and fees by the applicable due dates before imposing any sanctions authorized by this subsection on the student. Makes conforming and nonsubstantive changes.

(g) Requires a board to require a student who elects to pay tuition and fees by installment under this section to enter into either a written or electronic agreement reflecting the terms and conditions required by this section for the installment plan provided for the student by the governing board.

SECTION 2. Reenacts and amends Section 56.053(a), Education Code, as amended by Chapter 80 and 655, Acts of the 77th Legislature, Regular Session, 2001, to require, as a condition the rules regarding loan terms adopted by a board are subject to, that a loan be evidenced by a written or electronic agreement, rather than a promissory note, providing either for an origination fee of not more than three percent of the loan amount or a specified amount of interest on the loan. States the loan amount may not exceed an amount equal to the tuition and mandatory fees. Deletes a prohibition on the maximum loan amount being lower than an amount equal to the required tuition and fees unless an institution determines that a lower amount is in the best interest of the student. Makes nonsubstantive changes.

SECTION 3. (a) Makes application of this Act prospective to the beginning of the 2007 fall semester, unless this Act takes effect after July 1, 2007, in which event application of this Act is prospective to the beginning of the 2008 spring semester.

(b) Makes application of this Act to the payment of tuition and fees prospective.

SECTION 4. Effective date.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute makes a change to provide that the loan which each governing board must adopt terms for, by rule, must be evidenced by a written or electronic agreement providing for an origination fee of not more than 3, rather than 1.25, percent of the amount of the loan.

The substitute makes a change to remove Section 3 of the original bill, removing the proposed Section 56.053 (c), Education Code.

The substitute makes other conforming, technical, and non-substantive changes.