

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 28, 2007

TO: Honorable Judith Zaffirini, Chair, Senate Committee on S/C on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1232 by Zaffirini (Relating to the manner of payment of higher education tuition and fees and to the repayment of emergency student loans.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill amends various sections of the Education Code that relate to the manner of payment of higher education tuition and fees and to the repayment of emergency student loans. Under provisions of the bill, the governing board of the institution shall provide for the payment of tuition and fees for the fall, spring, and summer semesters through, except as provided by Subsection (b-1) of the act, full payment of tuition and fees in advance of the beginning semester or payment in installments under one or more payment plan options that require the first payment to be made in advance of the beginning of the semester and the final payment to be made before the last day of the semester. Subsection (b-1) of the Act states a student who owes a balance of tuition and fees as a result of a change in the student's class schedule or who owes a balance of tuition and fees of less than \$100 after making an insufficient payment of tuition and fees previously due shall pay the balance owed not later than the next payment date established by the governing board under a payment plan. A student who fails to make a full payment prior to the end of the term may be denied credit for the work done that term. This sanction may not be imposed unless the governing board includes in any written or electronic agreement the printed required notice in bold-faced type or capital letters.

A loan issued by the institution must be evidenced by a written or electronic agreement providing for interest on the loan at a rate of not more than 5% per year or an origination fee of not more than 1.25% of the amount of the loan, with the maximum loan amount per student not being greater than the amount equal to tuition and mandatory fees for the courses in which the student is actually enrolling. The maximum loan amount does not entitle a student to a loan in that amount, and an institution may lend the student an amount that is less than the maximum amount if the institution determines that a lower amount is in the best interest of the student.

The institutions of higher education have indicated that provisions of the bill will be implemented within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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