

AN ACT

relating to a prohibition against certain activities by a person employed in the financial aid office of a public institution of higher education or of a career school or college.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 51, Education Code, is amended by adding Section 51.9645 to read as follows:

Sec. 51.9645. PROHIBITION AGAINST CERTAIN ACTIVITIES BY FINANCIAL AID EMPLOYEES. (a) In this section:

(1) "Institution of higher education" has the meaning assigned by Section 61.003.

(2) "Student loan" means a loan for which the loan agreement requires that all or part of the loan proceeds be used to assist a person in attending an institution of higher education or other postsecondary institution.

(3) "Student loan lender" means a person whose primary business is:

(A) making, brokering, arranging, or accepting applications for student loans; or

(B) a combination of activities described by Paragraph (A).

(b) A person employed by an institution of higher education in the financial aid office of the institution may not:

(1) own stock or hold another ownership interest in a

1 student loan lender, other than through ownership of shares in a
2 publicly traded mutual fund or similar investment vehicle in which
3 the person does not exercise any discretion regarding the
4 investment of the assets of the fund or other investment vehicle; or
5 (2) solicit or accept any gift from a student loan
6 lender.

7 (c) A person who violates this section is subject to
8 dismissal or other appropriate disciplinary action.

9 SECTION 2. Subchapter F, Chapter 132, Education Code, is
10 amended by adding Section 132.158 to read as follows:

11 Sec. 132.158. PROHIBITION AGAINST CERTAIN ACTIVITIES BY
12 FINANCIAL AID EMPLOYEES. (a) In this section:

13 (1) "Student loan" means a loan for which the loan
14 agreement requires that all or part of the loan proceeds be used to
15 assist a person in attending an institution of higher education or
16 other postsecondary institution, including a career school or
17 college.

18 (2) "Student loan lender" means a person whose primary
19 business is:

20 (A) making, brokering, arranging, or accepting
21 applications for student loans; or

22 (B) a combination of activities described by
23 Paragraph (A).

24 (b) A person employed by a career school or college in the
25 financial aid office of the school or college may not:

26 (1) own stock or hold another ownership interest in a
27 student loan lender, other than through ownership of shares in a

1 publicly traded mutual fund or similar investment vehicle in which
2 the person does not exercise any discretion regarding the
3 investment of the assets of the fund or other investment vehicle; or
4 (2) solicit or accept any gift from a student loan
5 lender.

6 (c) A career school or college may not knowingly employ a
7 person who violates Subsection (b). If a career school or college
8 discovers that its employee is in violation of Subsection (b), the
9 school or college shall promptly take appropriate action to cure
10 the violation, including appropriate disciplinary action, based on
11 the severity of the violation and whether the violation was
12 inadvertent.

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, 2009.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 194 passed the Senate on April 2, 2009, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 30, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 194 passed the House, with amendment, on May 27, 2009, by the following vote: Yeas 148, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor