

By: McClendon

H.B. No. 2918

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to debt collection for unpaid child support against  
3 student financial assistance proceeds.

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

5 SECTION 1. Subchapter A, Chapter 56, Education Code, is  
6 amended by adding Section 56.005 to read as follows:

7 Sec. 56.005. DEBT COLLECTION AGAINST STUDENT FINANCIAL  
8 ASSISTANCE PROCEEDS FOR UNPAID CHILD SUPPORT PROHIBITED; REQUIRED  
9 NOTICE REGARDING RISK OF COMMINGLING STUDENT FINANCIAL ASSISTANCE  
10 PROCEEDS WITH OTHER FINANCIAL ASSETS. (a) In this section,  
11 "account" and "financial institution" have the meanings assigned by  
12 Section 157.311, Family Code.

13 (b) To the extent permitted under federal law, student  
14 financial assistance proceeds received by a student, including  
15 student loan, grant, and scholarship proceeds, are exempt from debt  
16 collection to satisfy a judgment for unpaid child support under  
17 Subchapter F, Chapter 157, Family Code.

18 (c) Student loan lenders, student loan guarantors, and  
19 financial aid offices of institutions of higher education shall  
20 make diligent efforts to notify a student financial assistance  
21 recipient that:

22 (1) under federal law, assets of a child support  
23 obligor held in an account in a financial institution are subject to  
24 debt collection to satisfy a judgment for unpaid child support

1 under Subchapter F, Chapter 157, Family Code; and  
2 (2) the commingling of the recipient's student  
3 financial assistance proceeds with other money in an account may  
4 subject those proceeds to debt collection for the purpose described  
5 by Subdivision (1).

6 SECTION 2. This Act takes effect immediately if it receives  
7 a vote of two-thirds of all the members elected to each house, as  
8 provided by Section 39, Article III, Texas Constitution. If this  
9 Act does not receive the vote necessary for immediate effect, this  
10 Act takes effect September 1, 2011.