

BILL ANALYSIS

S.B. 27
By: Zaffirini
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The purpose of this legislation is to make eligibility modifications to the Texas B-On-time loan program in order to ensure its long-term viability.

The Be-On-time program provides zero-interest student loans, which may be forgiven, for students who maintain a certain grade point average and graduate from college within four years. Community college students rarely use the program because they often do not meet the full-time student requirements. Interested parties assert that community college students are better served through the Texas Educational Opportunity Grant Program.

S.B. 27 removes community college students from the Be-On-time program and amends current law relating to the Texas B-On-time student loan program.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 8 of this bill.

ANALYSIS

SECTION 1. Amends Section 56.451, Education Code, by amending Subdivisions (2) and (3) to redefine "eligible institution" and "general academic teaching institution."

SECTION 2. Amends Section 56.452(b), Education Code, to provide that the purpose of this subchapter (Texas B-On-time Loan Program) is to provide no-interest loans to eligible students to enable those students to earn baccalaureate degrees at public and private or independent institutions of higher education in this state, rather than to enable those students to attend all public and private or independent institutions of higher education in this state.

SECTION 3. Amends Section 56.455, Education Code, as follows:

Sec. 56.455. INITIAL ELIGIBILITY FOR LOAN. Requires a person, to be eligible initially for a Texas B-On-time loan, to:

- (1) Makes no change to this subdivision;
- (2) meet one of certain academic requirements, including having received an associate degree from an institution of higher education or private or independent institution of higher education, rather than from an eligible institution, not earlier than May 1, 2005;
- (3) be enrolled for a full course load for an undergraduate student, as determined by the Texas Higher Education Coordinating Board (THECB), in a baccalaureate degree program, rather than in an undergraduate degree or certificate program, at an eligible institution; and
- (4)-(5) Makes no change to these subdivisions.

SECTION 4. Amends Section 56.456(a), Education Code, as follows:

(a) Authorizes a person, after initially qualifying for a Texas B-On-time loan, to continue to receive a Texas B-On-time loan for each semester or term in which the person is enrolled at an eligible institution only if the person:

(1) is enrolled for a full course load for an undergraduate student, as determined by THECB, in a baccalaureate degree program, rather than an undergraduate degree or certificate program, at an eligible institution;

(2) Makes no change to this subdivision;

(3) makes satisfactory academic progress toward a degree, rather than a degree or certificate, as determined by the institution at which the person is enrolled, if the person is enrolled in the person's first academic year at the institution;

(4) completed at least 75 percent of the semester credit hours attempted by the person in the most recent academic year and has a cumulative grade point average of at least 2.5 on a four-point scale or the equivalent on all coursework previously attempted at institutions of higher education or private or independent institutions of higher education, if the person is enrolled in any academic year after the person's first academic year; and

(5) Makes no change to this subdivision.

SECTION 5. Amends Sections 56.459(a), (b), and (f), Education Code, as follows:

Sec. 56.459. LOAN AMOUNT. (a) Prohibits the amount of a Texas B-On-time loan for a semester or term for a student enrolled full-time at an eligible institution other than an institution covered by Subsection (b), from exceeding the amount determined by THECB to be the average statewide amount of tuition and required fees that a resident student enrolled full-time in a baccalaureate degree program would be charged for that semester or term at general academic teaching institutions. Deletes existing text providing that the amount of a Texas B-On-time loan for a semester or term for a student enrolled full-time at an eligible institution other than an institution covered by Subsection (b), (c), or (d), is an amount determined by THECB as the average statewide amount of tuition and required fees that a resident student enrolled full-time in an undergraduate degree program would be charged for that semester or term at general academic teaching institutions.

(b) Prohibits the amount of a Texas B-On-time loan for a student enrolled full-time at a private or independent institution of higher education from exceeding the amount determined by THECB to be the average statewide amount of tuition and required fees that a resident student enrolled full-time in a baccalaureate degree program would be charged for that semester or term at general academic teaching institutions. Deletes existing text providing that the amount of a Texas B-On-time loan for a student enrolled full-time at a private or independent institution of higher education is an amount determined by THECB as the average statewide amount of tuition and required fees that a resident student enrolled full-time in an undergraduate degree program would be charged for that semester or term at general academic teaching institutions.

(f) Requires THECB, if in any academic year the amount of money in the Texas B-On-time student loan account, other than money appropriated to the account exclusively for loans at eligible institutions that are private or independent institutions of higher education, is insufficient to provide the loans in the maximum amount specified by this section to all eligible persons at eligible institutions that are institutions of higher education, to determine the amount of that available money and to allocate that amount to those eligible institutions in proportion to the amount of tuition set aside by each of those institutions under Section 56.465 (Tuition Set Aside for Program) for the preceding academic year. Deletes existing text requiring THECB, if in any academic year the amount of money in the Texas B-On-time student loan account is insufficient to provide the

loans to all eligible persons in amounts specified by this section, to determine the amount of available money and to allocate that amount to eligible institutions in proportion to the number of full-time equivalent undergraduate students enrolled at each institution. Entitles each eligible institution that is a private or independent institution of higher education, in the manner prescribed by THECB for purposes of this subsection, to receive an allocation only from the general revenue appropriations made for that academic year to eligible private or independent institutions of higher education for the purposes of this subchapter.

SECTION 6. Amends Sections 56.461 and 56.462, Education Code, as follows:

Sec. 56. 461. LOAN PAYMENT DEFERRED. Provides that the repayment of a Texas B-On-time loan received by a student under this subchapter is deferred as long as the student remains continuously enrolled in a baccalaureate degree program, rather than an undergraduate degree or certificate program, at an eligible institution.

Sec. 56.462. LOAN FORGIVENESS. Requires a student who receives a Texas B-On-time loan to be forgiven the amount of the student's loan if the student is awarded an undergraduate certificate or degree at an eligible institution with a cumulative grade point average of at least 3.0 on a four-point scale or the equivalent:

(1) within:

(A) four calendar years after the date the student initially enrolled in an institution of higher education or private or independent institution of higher education if the student is awarded a degree other than a degree in engineering, architecture, or any other program determined by THECB to require more than four years to complete; or

(B) five calendar years after the date the student initially enrolled in an institution of higher education or private or independent institution of higher education if the student is awarded a degree in engineering, architecture, or any other program determined by THECB to require more than four years to complete; or

(2) with a total number of semester credit hours, including transfer credit hours and excluding hours earned exclusively by examination, hours earned for a course for which the student received credit toward the student's high school academic requirements, and hours earned for developmental coursework that an institution of higher education required the student to take under Section 51.3062 (Success Initiative) or under the former provisions of Section 51.306 [repealed (relating to the Texas Academic Skills Program)], that is not more than six hours more than the minimum number of semester credit hours required to complete the degree, rather than the certificate or degree.

Deletes existing text requiring a student who receives a Texas B-On-time loan to be forgiven the amount of the student's loan if the student is awarded an undergraduate certificate or degree at an eligible institution with a cumulative grade point average of at least 3.0 on a four-point scale or the equivalent within:

four calendar years after the date the student initially enrolled in the institution or another eligible institution if certain criteria are met, including if the institution is a four-year institution;

five calendar years after the date the student initially enrolled in the institution or another eligible institution if certain criteria are met, including if the institution is a four-year institution; or

two years after the date the student initially enrolled in the institution or another eligible institution if the institution is a public junior college or public technical institute.

SECTION 7. Repealers: Sections 56.456(d) (relating to eligibility for Texas B-On-time loans for certain persons enrolled in a higher-level undergraduate program) and 56.459(c) (relating to the amount of a Texas B-On-time loan for a student at a public technical institute) and (d) (relating to the amount of a Texas B-On-time loan for a student at a public junior college), Education Code.

SECTION 8. (a) Provides that the change in law made by this Act in amending Subchapter Q (Texas B-On-time Loan Program), Chapter 56 (Student Financial Assistance), Education Code, applies beginning with Texas B-On-time loans awarded for the 2014-2015 academic year.

(b) Authorizes a student who first receives a Texas B-On-time loan for a semester or other academic term before the 2014 fall semester, notwithstanding Subsection (a) of this section, to continue to receive Texas B-On-time loans under Subchapter Q, Chapter 56, Education Code, as that subchapter existed immediately before the effective date of this Act, as long as the student remains eligible for a Texas B-On-time loan under the former law, and entitles the student to obtain forgiveness of the loans as permitted by Section 56.462, Education Code, as that section existed immediately before the effective date of this Act. Requires THECB to adopt rules to administer this subsection and to notify each student who receives a Texas B-On-time loan in the 2013-2014 academic year of the provisions of this subchapter.

SECTION 9. Effective date: September 1, 2013.

S.B. 27 repeals the following provisions of the Education Code:

- Subsection (d), Section 56.456
- Subsections (c) and (d), Section 56.459

EFFECTIVE DATE

September 1, 2013.