

## **BILL ANALYSIS**

S.B. 680  
By: West  
Higher Education  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties observe that the cost of higher education continues to rise and that students are leaving school with alarming amounts of student debt, which poses considerable financial risks. The parties contend that Texas needs to encourage its higher education students to be better informed consumers. S.B. 680 seeks to provide that encouragement by establishing a pilot program to improve student loan default rates and financial aid literacy among postsecondary students, with the goal of applying best practices from the program statewide on its expiration in 2020.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Coordinating Board in SECTIONS 1 and 2 of this bill.

### **ANALYSIS**

S.B. 680 amends the Education Code to require the Texas Higher Education Coordinating Board, not later than January 1, 2014, to establish and administer a temporary pilot program at selected postsecondary educational institutions to ensure that students of those institutions are informed consumers with regard to all aspects of student financial aid. The bill requires the coordinating board to select at least one institution from certain specified categories of postsecondary educational institutions to participate in the program and, in doing so, to give priority to institutions that have a three-year cohort student loan default rate, as reported by the U.S. Department of Education, of more than 20 percent or that has above average growth as compared to the rates of other postsecondary educational institutions in Texas.

S.B. 680 requires the coordinating board, in consultation with postsecondary educational institutions and as soon as practicable after the bill's effective date, to adopt rules for the administration of the pilot program, including rules governing the selection of postsecondary educational institutions to participate in the pilot program consistent with the bill's requirements. The bill authorizes the coordinating board to adopt the initial rules in the manner provided by law for emergency rules. The bill authorizes the coordinating board to contract with one or more entities to administer the pilot program according to criteria established by coordinating board rule. Not later than January 1 of each year, beginning in 2016, the bill requires the coordinating board to submit a report to the governor, the lieutenant governor, and the speaker of the house of representatives regarding the outcomes of the pilot program, as reflected in the federal student loan default rates reported for the participating institutions, and requires each participating institution to submit a report to the same entities regarding the outcomes of the pilot program at the institution, as reflected in the federal student loan default rate reported for the institution. The bill's provisions expire December 31, 2020.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.