

By: Zaffirini

S.B. No. 653

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the composition and functions of the Texas Guaranteed  
3 Student Loan Corporation.

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

5 SECTION 1. Sections 57.01 and 57.11, Education Code, are  
6 amended to read as follows:

7 Sec. 57.01. DECLARATION OF POLICY. The legislature, giving  
8 due consideration to the historical and continuing interest of the  
9 people of the State of Texas in encouraging deserving and qualified  
10 persons to realize their aspirations for education beyond high  
11 school, finds and declares that postsecondary education for  
12 qualified Texans ~~[those]~~ who desire to pursue such ~~[an]~~ education  
13 ~~[and are properly qualified therefor]~~ is important to the welfare  
14 and security of this state and the nation and, consequently, is an  
15 important public purpose. The legislature finds and declares that  
16 the state can achieve its full economic and social potential only if  
17 every individual has the opportunity to contribute to the full  
18 extent of the individual's ~~[his or her]~~ capabilities and only when  
19 financial barriers to the individual's ~~[his or her]~~ economic,  
20 social, and educational goals are removed. It is, therefore, the  
21 purpose of this chapter to establish the Texas Guaranteed Student  
22 Loan Corporation to:

23 (1) administer a guaranteed student loan program,  
24 student financial aid programs, and other student loan programs to

1 assist qualified [~~Texas~~] students in this state and across the  
2 nation in receiving a postsecondary education in this state or  
3 elsewhere in the nation; [~~and~~]

4 (2) assist institutions of higher education by  
5 providing [~~provide~~] necessary and desirable services related to  
6 financial aid and student [~~the~~] loan programs; and

7 (3) engage in:

8 (A) revenue-generating activities related to  
9 higher education student financial aid and student loan programs to  
10 the extent the activities are not in conflict with the  
11 corporation's primary purposes under Subdivisions (1) and (2),  
12 including providing:

13 (i) necessary and desirable information,  
14 products, tools, functions, and services related to public and  
15 private student loan and student financial aid programs;

16 (ii) support services relating to financial  
17 literacy, student loan debt repayment, and student loan default  
18 prevention;

19 (iii) policy training; and

20 (iv) the effective and efficient delivery  
21 of higher education student financial aid;

22 (B) college promotion, outreach, and awareness  
23 efforts described by Section 57.21(a)(1)(A)(iii); and

24 (C) coordinating, facilitating, promoting, and  
25 providing expertise-based assistance and support designed to  
26 assist students, families, borrowers, and schools in preventing  
27 higher education loan default throughout the life of the loan,

1 subject to the limitations of Section 57.21 [~~program, including~~  
2 ~~cooperative awareness efforts with appropriate educational and~~  
3 ~~civic associations designed to disseminate postsecondary education~~  
4 ~~awareness information, including information regarding student~~  
5 ~~financial aid and the Federal Family Education Loan Program, and~~  
6 ~~other relevant topics including the prevention of student loan~~  
7 ~~default~~].

8 Sec. 57.11. TEXAS GUARANTEED STUDENT LOAN CORPORATION.

9 (a) The Texas Guaranteed Student Loan Corporation is created to  
10 administer the programs authorized by this chapter.

11 (b) The corporation is a public nonprofit corporation and,  
12 except as otherwise provided in this chapter, has all the powers and  
13 duties incident to a nonprofit corporation under Chapter 22,  
14 Business Organizations Code [~~the Texas Non-Profit Corporation Act~~  
15 ~~(Article 1396-1.01 et seq., Vernon's Texas Civil Statutes)~~].

16 (c) [~~(b)~~] Except as otherwise provided by law, all expenses  
17 of the corporation shall be paid from revenue [~~income~~] of the  
18 corporation.

19 (d) [~~(c)~~] The corporation is subject to Chapters [~~Chapter~~]  
20 551 and 552, Government Code.

21 (e) [~~(d)~~] Student loan borrower information collected,  
22 assembled, or maintained by the corporation is confidential and is  
23 not subject to disclosure under Chapter 552, Government Code.

24 SECTION 2. Section 57.12(a), Education Code, is amended to  
25 read as follows:

26 (a) The Texas Guaranteed Student Loan Corporation is  
27 subject to Chapter 325, Government Code (Texas Sunset Act). Unless

1 continued in existence as provided by that chapter, the corporation  
2 is abolished and this chapter expires September 1, 2023 [2021].

3 SECTION 3. Section 57.1311(b), Education Code, is amended  
4 to read as follows:

5 (b) The training program must provide the person with  
6 information regarding:

7 (1) the provisions of this chapter, including the  
8 policies developed under Section 57.19(i) regarding the separation  
9 of policymaking and management responsibilities, and the  
10 corporation's programs, functions, rules, and budget;

11 (2) the results of the most recent formal audit of the  
12 corporation;

13 (3) the requirements of laws relating to open  
14 meetings, public information, and conflicts of interest; and

15 (4) any applicable ethics policies adopted by the  
16 corporation or the Texas Ethics Commission.

17 SECTION 4. Subchapter B, Chapter 57, Education Code, is  
18 amended by adding Section 57.181 to read as follows:

19 Sec. 57.181. MEETING BY TELEPHONE CONFERENCE CALL. (a) The  
20 board or a board committee may hold an open or closed meeting by  
21 telephone conference call if:

22 (1) the board or board committee, as applicable,  
23 determines that:

24 (A) an emergency or public necessity exists; or

25 (B) it is difficult or impossible to convene a  
26 quorum at one location; and

27 (2) at least one member of the board or board

1 committee, as applicable, is physically present at the location of  
2 the meeting.

3 (b) A telephone conference call meeting is subject to the  
4 notice requirements applicable to other meetings under Chapter 551,  
5 Government Code. The meeting notice must also specify the location  
6 of the meeting where at least one member of the board or board  
7 committee, as applicable, will be physically present.

8 (c) The meeting location where at least one board or board  
9 committee member is physically present must be open to the public  
10 during the open portions of a telephone conference call meeting.  
11 The open portions of the meeting must be audible to the public at  
12 that location and be recorded at that location. The recording must  
13 be made available to the public pursuant to a written request under  
14 Chapter 552, Government Code.

15 (d) The meeting location where at least one board or board  
16 committee member is physically present must provide two-way  
17 communication during the entire telephone conference call meeting,  
18 and the identification of each party to the telephone conference  
19 call must be clearly stated before each time the party speaks.

20 (e) A member of the board or board committee who  
21 participates in a board or board committee meeting, as applicable,  
22 by telephone conference call but is not physically present at the  
23 meeting location where at least one board or board committee member  
24 is physically present is not considered to be absent from the  
25 meeting for any purpose. The vote of a member of the board or board  
26 committee who participates in a board or board committee meeting by  
27 telephone conference call is counted for the purpose of determining

1 the number of votes cast on a motion or other proposition before the  
2 board or board committee, as applicable.

3 (f) A person who is not a member of the board or board  
4 committee may not speak at the board or board committee meeting from  
5 a remote location by telephone conference call, except as provided  
6 by Section 551.129, Government Code.

7 (g) The authority provided by this section is in addition to  
8 the authority provided by Section 551.125, Government Code.

9 SECTION 5. Section 57.19(d), Education Code, is amended to  
10 read as follows:

11 (d) The president or the president's designee shall develop  
12 a [an intra-agency] career ladder program for the corporation. The  
13 program shall require internal corporate [intra-agency] postings  
14 of all nonentry level positions concurrently with any public  
15 posting.

16 SECTION 6. Section 57.20(a), Education Code, is amended to  
17 read as follows:

18 (a) The corporation shall appoint an ombudsman [~~maintain a~~  
19 ~~system~~] to promptly and efficiently act on complaints filed with  
20 the corporation. The ombudsman [~~corporation~~] shall maintain  
21 information about parties to the complaint, the subject matter of  
22 the complaint, a summary of the results of the review or  
23 investigation of the complaint, and its disposition.

24 SECTION 7. Sections 57.21(a) and (c), Education Code, are  
25 amended to read as follows:

26 (a) The corporation shall take an active role in  
27 coordinating, facilitating, promoting, and providing assistance

1 and support to:

2 (1) programs that:

3 (A) focus on and disseminate ~~[designed to make~~  
4 ~~available to the residents of this state]~~ information regarding  
5 ~~[concerning]~~ postsecondary education awareness and the  
6 availability of student financial aid, including information  
7 regarding:

8 (i) financial literacy, student loan debt  
9 repayment considerations, and student loan default prevention;

10 (ii) the effective and efficient delivery  
11 of higher education financial aid;

12 (iii) college promotion, outreach, and  
13 awareness efforts with appropriate education and civic  
14 associations that disseminate postsecondary education awareness  
15 information, including information regarding student financial  
16 aid, the Federal Family Education Loan Program established by the  
17 Higher Education Act of 1965 (20 U.S.C. Section 1071 et seq.), and  
18 other student loan programs; and

19 (iv) other relevant topics; ~~[the Federal~~  
20 ~~Family Education Loan Program,~~] and

21 (B) [to] assist families in obtaining ~~[needed]~~  
22 postsecondary education financing;

23 (2) programs designed to assist students, families,  
24 borrowers, and schools in preventing ~~[prevent]~~ student loan default  
25 throughout the life of the loan, provided that such programs are  
26 required as a part of a guaranty agency's obligation under the  
27 Federal Family Education Loan Program established by the Higher

1 Education Act of 1965 (20 U.S.C. Section 1071 et seq.), or are  
2 funded by statutory or regulatory mandate, compensation, grant,  
3 contract, award, or other appropriate means; and

4 (3) programs designed to increase student retention  
5 and graduation rates in postsecondary education.

6 (c) To the extent practicable, each ~~[Each]~~ state agency  
7 that conducts higher education and financial aid outreach  
8 activities shall enter into a memorandum of understanding with the  
9 corporation. The memorandum of understanding may ~~[must]~~ outline  
10 how the corporation and the state agency will coordinate outreach  
11 activities to maximize resources and avoid duplication.

12 SECTION 8. The heading to Section 57.22, Education Code, is  
13 amended to read as follows:

14 Sec. 57.22. APPLICATION OF BUSINESS ORGANIZATIONS CODE ~~[THE~~  
15 ~~TEXAS NON-PROFIT CORPORATION ACT]~~.

16 SECTION 9. Section 57.22(a), Education Code, is amended to  
17 read as follows:

18 (a) The corporation is subject to Chapter 22, Business  
19 Organizations Code ~~[the Texas Non-Profit Corporation Act (Article~~  
20 ~~1396-1.01 et seq., Vernon's Texas Civil Statutes)]~~, except that:

21 (1) the corporation may not make donations for the  
22 public welfare or for charitable or scientific purposes or in aid of  
23 war activities;

24 (2) the corporation is not required to file articles  
25 of incorporation;

26 (3) the corporation is not subject to voluntary or  
27 involuntary dissolution;



1           (4) the corporation may not be placed in receivership;  
2 and

3           (5) the corporation is not required to make reports to  
4 the secretary of state under Section 22.357, Business Organizations  
5 Code [~~Article 9.01 of that Act~~].

6           SECTION 10. Section 57.24, Education Code, is amended to  
7 read as follows:

8           Sec. 57.24. AUTHORITY TO PARTICIPATE IN OTHER  
9 REVENUE-GENERATING ACTIVITIES; LIMITATIONS. (a) The corporation  
10 may engage [~~participate~~] in a revenue-generating activity [~~that is~~  
11 ~~consistent with the corporation's purposes~~] if the board determines  
12 that [~~the revenue from the activity~~]:

13           (1) [~~is sufficient to cover the costs of~~] the activity  
14 is consistent with the corporation's purposes described by Section  
15 57.01; [and]

16           (2) revenue from the activity may cover the costs of  
17 the activity; and

18           (3) revenue from the activity may provide funds to  
19 support activities approved by the board as the corporation's  
20 philanthropic activities or as having strategic or positioning  
21 importance to the corporation [~~may contribute to a reduction in the~~  
22 ~~insurance premium paid by students under Section 57.43 of this~~  
23 ~~code~~].

24           (b) If, under Subsection (a) [~~of this section~~], the board  
25 authorizes the corporation to provide [~~perform~~] additional  
26 services, the corporation may not require postsecondary  
27 educational institutions or students to use those services unless

1 required by state or federal law.

2 (c) The corporation's activities under Section 57.01(1) do  
3 not constitute revenue-generating activities for purposes of this  
4 section.

5 SECTION 11. Section 57.41(a), Education Code, is amended to  
6 read as follows:

7 (a) The corporation shall serve as the designated guarantee  
8 agency under the Federal Family Education Loan Program in  
9 accordance with [~~loans made to eligible borrowers by eligible~~  
10 ~~lenders as provided by the federal guaranteed student loan program~~  
11 ~~under~~] the Higher Education Act of 1965, 20 U.S.C. Section [Sec.]  
12 1001 et seq., as amended, regulations adopted under that Act, and  
13 other applicable federal law.

14 SECTION 12. Section 57.461, Education Code, is amended to  
15 read as follows:

16 Sec. 57.461. [~~POSTSECONDARY EDUCATIONAL INSTITUTIONS AND~~  
17 ~~LENDER~~] ADVISORY COMMITTEES. [~~(a)~~] The corporation shall  
18 establish advisory committees as the board considers appropriate [+  
19

20 ~~(1) an advisory committee that is composed of 15~~  
21 ~~members who represent the postsecondary educational institutions~~  
22 ~~that participate in the corporation's guaranteed student loan~~  
23 ~~program; and~~

24 ~~(2) an advisory committee that is composed of 12~~  
25 ~~members including:~~

26 ~~(A) one member who represents the Texas Higher~~  
27 ~~Education Coordinating Board; and~~

~~(B) 11 members who represent lenders that~~

1 ~~participate in the corporation's guaranteed student loan program].~~

2 ~~[(b) The board shall appoint advisory committee members on~~  
3 ~~the recommendation of the president.]~~

4 ~~[(c) The board may establish other advisory committees as~~  
5 ~~the board considers necessary.]~~

6 ~~[(d) The board shall:~~

7 ~~(1) specify each advisory committee's purpose and~~  
8 ~~duties; and~~

9 ~~(2) require each committee to report to the board in a~~  
10 ~~manner specified by the board relating to each committee's~~  
11 ~~activities and work results.]~~

12 SECTION 13. Sections 57.47(a), (b), and (d), Education  
13 Code, are amended to read as follows:

14 (a) If a student borrower defaults on a loan and the  
15 corporation is required to honor the guarantee, the corporation may  
16 ~~[or the Texas Higher Education Coordinating Board shall]~~ bring suit  
17 against the defaulting party in accordance with the requirements of  
18 the Higher Education Act of 1965, 20 U.S.C. Section ~~[Sec.]~~ 1001 et  
19 seq., as amended.

20 (b) A suit against a defaulting party under this section may  
21 be brought in the county in which the defaulting person resides, in  
22 which the lender is located, or in Travis or Williamson County.

23 (d) Notwithstanding any other law, if the corporation ~~[or~~  
24 ~~the Texas Higher Education Coordinating Board]~~ brings suit against  
25 a defaulting party under this section, the corporation ~~[or the~~  
26 ~~coordinating board, as appropriate,]~~ shall pay 50 percent of the  
27 filing fee or other costs of court taxed and collected in advance

1 that are in effect on the date on which the suit is filed. If the  
2 defaulting borrower prevails in the suit filed under this section,  
3 the corporation [~~or the coordinating board, as appropriate,~~] shall  
4 pay the remaining 50 percent of the statutory filing fee on the date  
5 of the final disposition of the suit. If the corporation [~~or~~  
6 ~~coordinating board~~] prevails in the suit:

7 (1) the judgment shall find the defaulting borrower  
8 liable to the corporation [~~or the coordinating board, as~~  
9 ~~appropriate,~~] for the amount of the filing fee; and

10 (2) the corporation [~~or coordinating board, as~~  
11 ~~appropriate,~~] shall pay the remaining 50 percent of the statutory  
12 filing fee not later than one week after the date on which the  
13 defaulting borrower pays to the corporation [~~or coordinating board,~~  
14 ~~as appropriate,~~] the full amount, including the filing fee, for  
15 which the borrower is liable to the corporation [~~or coordinating~~  
16 ~~board~~].

17 SECTION 14. Sections 57.481(a), (b), and (c), Education  
18 Code, are amended to read as follows:

19 (a) [~~In this section, "loan default rate" means the rate at~~  
20 ~~which student borrowers default on loans guaranteed by the~~  
21 ~~corporation as determined by the corporation in compliance with~~  
22 ~~federal guidelines.~~

23 [~~(b)~~] The corporation shall take a comprehensive and [~~an~~]  
24 active role in coordinating, facilitating, and providing technical  
25 assistance on [~~guaranteed~~] student loan default prevention [~~and~~  
26 ~~reduction~~] initiatives and programs that promote responsible  
27 borrowing, financial literacy, debt management, research, and

1 informed policymaking [~~in the state~~] and shall work with the  
 2 appropriate state agencies and other entities inside and outside  
 3 this state, including eligible postsecondary educational  
 4 institutions, eligible lenders, servicers, secondary markets, the  
 5 Texas Higher Education Coordinating Board, the Texas [~~Central~~]  
 6 Education Agency, [~~and~~] state professional and occupational  
 7 licensing agencies, and the United States Department of Education.

8 (b) [~~(c)~~] The corporation shall maintain a system of  
 9 communication among the appropriate state agencies and entities to  
 10 address student [~~reduce~~] loan default prevention issues [~~claims~~].

11 SECTION 15. Section 57.49, Education Code, is amended to  
 12 read as follows:

13 Sec. 57.49. COOPERATION OF STATE AGENCIES AND SUBDIVISIONS.  
 14 Each agency and political subdivision of the state shall cooperate  
 15 with the corporation in providing information to the agency's or  
 16 political subdivision's clients concerning student financial aid,  
 17 including information about delinquency, default prevention, and  
 18 life-of-loan issues. Each agency and political subdivision shall  
 19 provide information to the corporation on request to assist the  
 20 corporation in curing delinquent loans, [~~and~~] collecting defaulted  
 21 loans, and developing information and reports concerning  
 22 responsible borrowing.

23 SECTION 16. Sections 57.50 and 57.71, Education Code, are  
 24 amended to read as follows:

25 Sec. 57.50. NONDISCRIMINATION. The [~~Neither the~~]  
 26 corporation [~~nor an eligible lender~~] may not discriminate against  
 27 an eligible student in making a loan or loan guarantee on the basis

1 of race, age, religion, or sex or any other basis prohibited by  
2 applicable law.

3           Sec. 57.71. FEDERAL [~~RESERVE~~] AND OPERATING FUNDS. The  
4 corporation shall maintain a federal fund [~~establish reserve~~] and  
5 an operating fund [~~funds~~] in accordance with Sections [~~Section~~]  
6 422, 422A, and 422B of the Higher Education Act of 1965 (20 U.S.C.  
7 Sections [~~Section~~] 1072, 1072a, and 1072b), as amended.

8           SECTION 17. The following provisions of the Education Code  
9 are repealed:

- 10           (1) Sections 57.19(g) and (h);
- 11           (2) Sections 57.41(c) and (d);
- 12           (3) Section 57.42;
- 13           (4) Section 57.43;
- 14           (5) Section 57.44;
- 15           (6) Section 57.45;
- 16           (7) Section 57.46;
- 17           (8) Sections 57.481(d), (e), (f), (g), and (h); and
- 18           (9) Section 57.78.

19           SECTION 18. This Act takes effect September 1, 2013.