

By: West, Hegar

S.B. No. 680

A BILL TO BE ENTITLED

AN ACT

relating to a pilot program to improve student loan default rates and financial aid literacy among postsecondary students.

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

SECTION 1. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0763 to read as follows:

Sec. 61.0763. STUDENT LOAN DEFAULT PREVENTION AND FINANCIAL AID LITERACY PILOT PROGRAM. (a) In this section, "career school or college" has the meaning assigned by Section 132.001.

(b) Not later than January 1, 2014, the board shall establish and administer a 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, including:

(1) the consequences of borrowing to finance a student's postsecondary education;

(2) the financial consequences of a student's academic and career choices; and

(3) strategies for avoiding student loan delinquency and default.

(c) The board shall select at least one institution from each of the following categories of postsecondary educational institutions to participate in the program:

(1) general academic teaching institutions;

1 (2) public junior colleges;

2 (3) private or independent institutions of higher
3 education; and

4 (4) career schools or colleges.

5 (d) In selecting postsecondary educational institutions to
6 participate in the pilot program, the board shall give priority to
7 institutions that have a three-year cohort student loan default
8 rate, as reported by the United States Department of Education:

9 (1) of more than 20 percent; or

10 (2) that has above average growth as compared to the
11 rates of other postsecondary educational institutions in this
12 state.

13 (e) The board, in consultation with postsecondary
14 educational institutions, shall adopt rules for the administration
15 of the pilot program, including rules governing the selection of
16 postsecondary educational institutions to participate in the pilot
17 program consistent with the requirements of Subsection (d).

18 (f) The board may contract with one or more entities to
19 administer the pilot program according to criteria established by
20 board rule.

21 (g) Not later than January 1 of each year, beginning in
22 2016:

23 (1) the board shall submit a report to the governor,
24 the lieutenant governor, and the speaker of the house of
25 representatives regarding the outcomes of the pilot program, as
26 reflected in the federal student loan default rates reported for
27 the participating institutions; and

1 (2) each participating institution shall submit a
2 report to the governor, the lieutenant governor, and the speaker of
3 the house of representatives regarding the outcomes of the pilot
4 program at the institution, as reflected in the federal student
5 loan default rate reported for the institution.

6 (h) This section expires December 31, 2020.

7 SECTION 2. The Texas Higher Education Coordinating Board
8 shall adopt rules for the administration of Section 61.0763,
9 Education Code, as added by this Act, as soon as practicable after
10 this Act takes effect. For that purpose, the coordinating board may
11 adopt the initial rules in the manner provided by law for emergency
12 rules.

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, 2013.