

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 11, 2013

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB680 by West (Relating to a pilot program to improve student loan default rates and financial aid literacy among postsecondary students.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

Under provisions of the bill, the Higher Education Coordinating Board (board) is required to establish and administer a pilot program at selected postsecondary educational institutions to improve student loan default rates and financial aid literacy among postsecondary students. The board would select at least one institution from several categories of postsecondary educational institutions to participate in the program. In selecting institutions, the board shall give priority to institutions that have a three-year cohort student loan default rate, as reported by the United States 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 the state. The board, in consultation with postsecondary educational institutions, shall adopt rules for the administration of the pilot program and may contract with one or more entities to administer the pilot program.

Not later than January 1 of each year, beginning in 2016, the board shall 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. Each participating institution would also be required to submit regarding the outcomes of the pilot program at the institution, as reflected in the federal student loan default rate reported for the institution. The board, and participating institutions, would implement provisions of the bill within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

LBB Staff: UP, KK, SK, GO

