

By: Giddings, Zerwas, Ashby,
Turner of Tarrant

H.B. No. 700

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the repeal of the Texas B-On-time student loan program.

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

4 SECTION 1. Section 52.89(c), Education Code, is amended to
5 read as follows:

6 (c) The board shall deposit to the credit of the fund any
7 proceeds from the sale of bonds, excluding:

8 (1) any accrued interest on the bonds which shall be
9 deposited in the board interest and sinking fund relating to the
10 bonds; and

11 (2) proceeds from the sale of bonds issued by the board
12 under Section 56.464(b), as that subsection existed immediately
13 before September 1, 2015 [~~to provide Texas B-On-time student~~
14 ~~loans~~].

15 SECTION 2. Sections 52.90(a) and (b), Education Code, are
16 amended to read as follows:

17 (a) The board[+]
18 [~~(1)~~] shall make a loan from the fund to a student who
19 qualifies for a loan under Subchapter C [~~and~~

20 [~~(2) may make a loan from the fund to a student who~~
21 ~~qualifies for a Texas B-On-time student loan under Subchapter Q,~~
22 ~~Chapter 56~~].

23 (b) Loans from the fund are governed by Subchapter C [~~of~~
24 ~~this chapter or Subchapter Q, Chapter 56, as appropriate, as if made~~

1 ~~under that subchapter, except to the extent of conflict with this~~
2 ~~subchapter].~~

3 SECTION 3. The heading to Section 52.91, Education Code, is
4 amended to read as follows:

5 Sec. 52.91. BONDS FOR FORMER TEXAS B-ON-TIME STUDENT LOAN
6 PROGRAM.

7 SECTION 4. Sections 52.91(a) and (c), Education Code, are
8 amended to read as follows:

9 (a) The board shall deposit to the credit of the Texas
10 B-On-time student loan account established under Section 56.0092
11 [~~56.463~~] any proceeds from the sale of bonds issued by the board to
12 fund Texas B-On-time student loans under Section 56.464(b), as that
13 subsection existed immediately before September 1, 2015, other
14 than[+]

15 [~~(1)~~] accrued interest on the bonds, which shall be
16 deposited to the credit of the interest and sinking fund related to
17 the bonds[+and

18 [~~(2) any proceeds from the sale of the bonds that the~~
19 ~~board by resolution deposits to the student loan auxiliary fund~~
20 ~~under Section 52.89(c-1)].~~

21 (c) The board shall repay bonds described by Subsection (a)
22 [~~issued by the board to fund the Texas B-On-time student loan~~
23 ~~program]~~ using proceeds from the bonds, legislative
24 appropriations, and money collected by the board as repayment for
25 Texas B-On-time student loans awarded by the board under Section
26 56.0092(c) for a semester or term occurring before the 2020 fall
27 semester. The board may also repay the bonds by using [~~use~~] tuition

1 set aside under Section 56.465, as that section existed immediately
2 before September 1, 2015, for a semester or term occurring before
3 the 2015 fall semester [~~to repay bonds issued by the board for the~~
4 ~~Texas B-On-time student loan program~~]. The board may not repay the
5 bonds with [~~use~~] money collected by the board as repayment for
6 student loans awarded by the board under Subchapter C [~~to repay~~
7 ~~bonds issued by the board for the Texas B-On-time student loan~~
8 ~~program under Section 56.464(b)~~].

9 SECTION 5. Section 54.0065(a), Education Code, is amended
10 to read as follows:

11 (a) A qualified student is eligible for a rebate of a
12 portion of the undergraduate tuition the student has paid if the
13 student:

14 (1) is awarded a baccalaureate degree from a general
15 academic teaching institution within:

16 (A) four calendar years after the date the
17 student initially enrolled in the institution or another
18 postsecondary educational institution if:

19 (i) the institution awarding the degree is
20 a four-year institution; and

21 (ii) the student is awarded a degree other
22 than a degree in engineering, architecture, or any other program
23 determined by the coordinating board to require more than four
24 years to complete; or

25 (B) five calendar years after the date the
26 student initially enrolled in the institution or another
27 postsecondary educational institution if:

1 (i) the institution awarding the degree is
2 a four-year institution; and

3 (ii) the student is awarded a degree in
4 engineering, architecture, or any other program determined by the
5 coordinating board to require more than four years to complete [~~the~~
6 ~~period prescribed by Section 56.462(1)(A) or (B), as applicable, to~~
7 ~~qualify for forgiveness of a Texas B-On-time loan~~]; and

8 (2) has attempted no more than three hours in excess of
9 the minimum number of semester credit hours required to complete
10 the degree program:

11 (A) including:

12 (i) transfer credits; and

13 (ii) course credit earned exclusively by
14 examination, except that, for purposes of this subsection, only the
15 number of semester credit hours earned exclusively by examination
16 in excess of nine semester credit hours is treated as hours
17 attempted; and

18 (B) excluding:

19 (i) course credit that is earned to satisfy
20 requirements for a Reserve Officers' Training Corps (ROTC) program
21 but that is not required to complete the degree program; and

22 (ii) course credit, other than course
23 credit earned exclusively by examination, that is earned before
24 graduating from high school.

25 SECTION 6. Subchapter A, Chapter 56, Education Code, is
26 amended by adding Section 56.0092 to read as follows:

27 Sec. 56.0092. TEXAS B-ON-TIME STUDENT LOAN ACCOUNT; FORMER

LOAN PROGRAM CONTINUED IN EFFECT FOR CERTAIN ACADEMIC YEARS ONLY.

(a) The Texas B-On-time student loan account previously established by former Section 56.463 continues as an account in the general revenue fund. The account consists of:

(1) gifts and grants;

(2) any legislative appropriations received for the purpose of awarding Texas B-On-time student loans to students who qualify and establish eligibility for the loans as described by Subsection (c) and for discharging any other remaining obligations under the former Texas B-On-time student loan program;

(3) tuition set aside under Section 56.465, as that section existed immediately before September 1, 2015, for a semester or term occurring before the 2015 fall semester;

(4) bond proceeds deposited under Section 52.91(a);
and

(5) any other money in the account on September 1, 2015.

(b) Money in the Texas B-On-time student loan account may be used only to pay any costs of the coordinating board related to loans awarded under the Texas B-On-time student loan program as provided by Subsection (c) for a semester or term occurring before the 2020 fall semester.

(c) Beginning with the 2015 fall semester, the coordinating board may not award an initial Texas B-On-time student loan under the Texas B-On-time student loan program. The coordinating board may award, for a semester or term occurring before the 2020 fall semester, a subsequent Texas B-On-time student loan to an eligible

1 student who received an initial Texas B-On-time student loan before
2 the 2015-2016 academic year. For Texas B-On-time student loans to
3 be awarded as described by this subsection:

4 (1) students may qualify and establish continued
5 eligibility, as applicable, under Subchapter Q as that subchapter
6 existed immediately before September 1, 2015; and

7 (2) the coordinating board may make loans using any
8 money available for the purposes of the former Texas B-On-time
9 student loan program.

10 (d) On September 1, 2020, the Texas B-On-time student loan
11 account is abolished, and any remaining money in the account may be
12 appropriated only to eligible institutions in the manner provided
13 by Subsection (e).

14 (e) An appropriation under Subsection (d) must be made in
15 accordance with a formula, adopted by coordinating board rule, that
16 the coordinating board determines fairly allocates the
17 appropriated amount to those eligible institutions at which the
18 Texas B-On-time student loan program was underutilized. For
19 purposes of this subsection, the Texas B-On-time student loan
20 program is considered to have been underutilized by students of an
21 institution in any period if the institution's percentage of the
22 total amount of tuition set aside by all institutions under the
23 program during the period was greater than the institution's
24 percentage of all students who received a Texas B-On-time student
25 loan under the program for the same period. The coordinating board
26 shall base the coordinating board's determination on a period of
27 academic years occurring before the 2015-2016 academic year that

1 the coordinating board considers representative of eligible
2 institutions' student participation in the Texas B-On-time student
3 loan program.

4 (f) In this section, "eligible institution" means a general
5 academic teaching institution described by Section 56.451(2)(A) or
6 a medical and dental unit described by Section 56.451(2)(B), as
7 those paragraphs existed immediately before September 1, 2015.

8 SECTION 7. Section 56.011(a), Education Code, is amended to
9 read as follows:

10 (a) The governing board of each institution of higher
11 education shall cause to be set aside not less than 15 [~~20~~] percent
12 of any amount of tuition charged to a resident undergraduate
13 student under Section 54.0513 in excess of \$46 per semester credit
14 hour. The funds set aside under this section by an institution
15 shall be used to provide financial assistance for resident
16 undergraduate students enrolled in the institution.

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

- 19 (1) Sections 52.89(c-1) and 52.91(b);
20 (2) Section 56.307(1); and
21 (3) Subchapter Q, Chapter 56.

22 SECTION 9. (a) Notwithstanding any other law, Subchapter
23 Q, Chapter 56, Education Code, as that subchapter existed
24 immediately before the effective date of this Act, is continued in
25 effect solely for the purposes of:

- 26 (1) awarding Texas B-On-time student loans as provided
27 by Section 56.0092(c), Education Code, as added by this Act; and

1 (2) discharging any other remaining obligations under
2 the former Texas B-On-time student loan program.

3 (b) The repeal by this Act of Section 56.465, Education
4 Code, applies beginning with tuition charged for the 2015 fall
5 semester.

6 SECTION 10. Section 56.011(a), Education Code, as amended
7 by this Act, applies beginning with tuition charged for the 2015
8 fall semester. Tuition charged for an academic period before that
9 term or semester is covered by the law in effect immediately before
10 the effective date of this Act, and the former law is continued in
11 effect for that purpose.

12 SECTION 11. This Act takes effect September 1, 2015.