

BILL ANALYSIS

S.B. 2048
By: Bettencourt
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties call for certain changes to the student loan program administered by the Texas Higher Education Coordinating Board to reflect changes in constitutional authority and the current operation of the program. S.B. 2048 seeks to make those changes for such purpose.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 2048 amends the Education Code with regard to the student loan program administered by the Texas Higher Education Coordinating Board to change the fund in which proceeds from the sale of Texas College Student Loan Bonds are required to be placed from the Texas opportunity plan fund to the student loan auxiliary fund. The bill removes the provision establishing the specific manner in which the bonds are required to be executed on behalf of the coordinating board or its successor as general obligations of the state. The bill also changes the fund in which proceeds from the sale of certain student loans authorized by the Texas Constitution are required to be deposited from the Texas opportunity plan fund to the student loan auxiliary fund.

S.B. 2048 includes the student loan auxiliary fund as a fund from which the coordinating board may authorize loans to a qualified applicant and removes as a condition on the requirement that such an applicant be accepted for enrollment at a participating higher educational institution if the institution is a public or private postsecondary educational institution that the institution be approved by an agency of the United States government for the purpose of guaranteeing the maker of such loans against loss due to the death, disability, or default of the borrower. The bill repeals the requirement that a loan applicant provide evidence that the applicant is unable to obtain a guaranteed student loan from a commercial lender if the institution to which the applicant has been accepted for enrollment was not a participating institution on May 1, 1985.

S.B. 2048 removes a loan applicant's income from parents and other sources and the amount the applicant can reasonably be expected to earn from the financial resources available to the applicant used to calculate the amount of the loan. The bill includes the student loan auxiliary fund as a fund to which a student must execute a note payable for the full amount of an authorized loan plus interest before payment may be made to the student. The bill changes the means through which the coordinating board is required to distribute money to a participating institution from the electronic funds transfer system maintained by the Texas Guaranteed Student

Loan Corporation for disbursing loan funds from commercial lenders participating in the guaranteed student loan program, or other means at the request of a participating institution, to the current statewide accounting system.

S.B. 2048 removes the requirement that repayment of any loan and interest begin in no event later than five years from the date the first note evidencing the loan is executed. The bill also removes a participating institution as an entity to which repayment may be directly made in the alternative to the coordinating board.

S.B. 2048 repeals provisions relating to the cancellation of certain loan repayments, the authorizations for the coordinating board to issue a student loan under the federal family education loan program to certain borrowers, and the college savings bonds program.

S.B. 2048 removes the Texas opportunity plan fund as a fund in which the coordinating board is required to deposit gifts, grants, or donations of money and removes the specification that the separate accounting the coordinating board is required to establish within the Texas opportunity plan fund and the student auxiliary fund for each of its existing loan programs include accounting for the federally insured loans that are insured by the U.S. Department of Education, the federally insured loans that are insured by the U.S. Department of Health and Human Services, and each loan program that consists of loans insured by the state.

S.B. 2048 repeals the following provisions of the Education Code:

- Sections 52.32(a-1) and (b)
- Section 52.40
- Sections 52.41(a) and (c)
- Subchapter E, Chapter 52

EFFECTIVE DATE

September 1, 2017.