

By: Zaffirini

S.B. No. 32

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and operation of the Texas B-On-time student loan program.

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

SECTION 1. Chapter 56, Education Code, is amended by adding Subchapter Q to read as follows:

SUBCHAPTER Q. TEXAS B-ON-TIME LOAN PROGRAM

Sec. 56.451. DEFINITIONS. In this subchapter:

(1) "Coordinating board" means the Texas Higher Education Coordinating Board.

(2) "Eligible institution" means an institution of higher education.

(3) "General academic teaching institution," "medical and dental unit," and "public state college," have the meanings assigned by Section 61.003.

Sec. 56.452. PROGRAM NAME; PURPOSE. (a) The student loan program authorized by this subchapter is known as the Texas B-On-time loan program, and an individual loan awarded under this subchapter is known as a Texas B-On-time loan.

(b) The purpose of this subchapter is to provide no-interest loans to eligible students to enable those students to earn baccalaureate degrees at public institutions of higher education in this state.

Sec. 56.453. ADMINISTRATION OF PROGRAM; RULES. (a) The

coordinating board shall:

(1) administer the Texas B-On-time loan program;

(2) determine the repayment and other terms of a Texas B-On-time loan; and

(3) in consultation with the student financial aid officers of eligible institutions, adopt any rules necessary to implement the program or this subchapter.

(b) The coordinating board may charge and collect a loan origination fee from a person who receives a Texas B-On-time loan to be used by the board to pay for the operating expenses for making loans under this subchapter.

(c) The total amount of Texas B-On-time loans awarded may not exceed the amount available in the Texas B-On-time student loan account under Section 56.463.

(d) The coordinating board, in collaboration with eligible institutions and other appropriate entities, shall adopt and implement measures to:

(1) improve student participation in the Texas B-On-time loan program, including strategies to better inform students and prospective students about the program; and

(2) improve the rate of student satisfaction of the requirements for obtaining Texas B-On-time loan forgiveness.

(e) The coordinating board, in collaboration with eligible institutions and appropriate nonprofit or college access organizations, shall:

(1) educate students regarding the eligibility requirements for forgiveness of Texas B-On-time loans;

1 (2) ensure that students applying for or receiving a
2 Texas B-On-time loan understand their responsibility to repay any
3 portion of the loan that is not forgiven;

4 (3) ensure that students who are required to repay
5 Texas B-On-time loans receive and understand information regarding
6 loan default prevention strategies; and

7 (4) through an in-person or online loan counseling
8 module, provide loan repayment and default prevention counseling to
9 students receiving Texas B-On-time loans.

10 (f) Notwithstanding Subsection (e)(4), the following
11 eligible institutions shall provide the loan repayment and default
12 prevention counseling described by that subdivision to all Texas
13 B-On-time loan recipients enrolled at those institutions:

14 (1) each institution with a Texas B-On-time loan
15 default rate that exceeds the statewide average default rate for
16 such loans; and

17 (2) each institution with a Texas B-On-time loan
18 forgiveness rate that is less than 50 percent of the statewide
19 average forgiveness rate for such loans.

20 Sec. 56.454. PERSONS NOT ELIGIBLE. (a) A person is not
21 eligible to receive a Texas B-On-time loan if the person has been
22 granted a baccalaureate degree.

23 (b) A person may not receive a Texas B-On-time loan for more
24 than 135 semester credit hours or the equivalent.

25 Sec. 56.455. INITIAL ELIGIBILITY FOR LOAN. To be eligible
26 initially for a Texas B-On-time loan, a person must:

27 (1) be a resident of this state under Section [54.052](#) or

be entitled, as a child of a member of the armed forces of the United States, to pay tuition at the rate provided for residents of this state under Section 54.241;

(2) meet one of the following academic requirements:

(A) be a graduate of a public or private high school in this state who graduated not earlier than the 2016-2017 school year under the recommended or advanced high school program established under Section 28.025(a) or its equivalent;

(B) be a graduate of a high school operated by the United States Department of Defense who:

(i) graduated from that school not earlier than the 20016-2017 school year; and

(ii) at the time of graduation from that school was a dependent child of a member of the armed forces of the United States; or

(C) have received an associate degree from an institution of higher education or private or independent institution of higher education not earlier than May 1, 2019;

(3) be enrolled for a full course load for an undergraduate student, as determined by the coordinating board, in a baccalaureate degree program at an eligible institution;

(4) be eligible for federal financial aid, except that a person is not required to meet any financial need requirement applicable to a particular federal financial aid program; and

(5) comply with any additional nonacademic requirement adopted by the coordinating board under this subchapter.

1 Sec. 56.456. CONTINUING ELIGIBILITY AND ACADEMIC
2 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
3 Texas B-On-time loan, a person may continue to receive a Texas
4 B-On-time loan for each semester or term in which the person is
5 enrolled at an eligible institution only if the person:

6 (1) is enrolled for a full course load for an
7 undergraduate student, as determined by the coordinating board, in
8 a baccalaureate degree program at an eligible institution;

9 (2) is eligible for federal financial aid, except that
10 a person is not required to meet any financial need requirement
11 applicable to a particular federal financial aid program;

12 (3) makes satisfactory academic progress toward a
13 degree as determined by the institution at which the person is
14 enrolled, if the person is enrolled in the person's first academic
15 year at the institution;

16 (4) completed at least 75 percent of the semester
17 credit hours attempted by the person in the most recent academic
18 year and has a cumulative grade point average of at least 2.5 on a
19 four-point scale or the equivalent on all coursework previously
20 attempted at institutions of higher education, if the person is
21 enrolled in any academic year after the person's first academic
22 year; and

23 (5) complies with any additional nonacademic
24 requirement adopted by the coordinating board.

25 (b) If a person fails to meet any of the requirements of
26 Subsection (a) after the completion of any semester or term, the
27 person may not receive a Texas B-On-time loan for the next semester

or term in which the person enrolls. A person may become eligible to receive a Texas B-On-time loan in a subsequent semester or term if the person:

(1) completes a semester or term during which the person is not eligible for a Texas B-On-time loan; and

(2) meets all of the requirements of Subsection (a).

(c) A person who is eligible to receive a Texas B-On-time loan continues to remain eligible to receive the Texas B-On-time loan if the person enrolls in or transfers to another eligible institution.

Sec. 56.457. WAIVER OF COURSE LOAD REQUIREMENT. (a) The coordinating board shall adopt rules to allow a person who is otherwise eligible to receive a Texas B-On-time loan, in the event of a hardship or other good cause, to receive a Texas B-On-time loan while enrolled in a number of semester credit hours that is less than the number of semester credit hours required under Section 56.455 or 56.456, as applicable.

(b) The coordinating board may not allow a person to receive a Texas B-On-time loan while enrolled in fewer than six semester credit hours.

Sec. 56.458. LOAN USE. A person receiving a Texas B-On-time loan may use the money to pay for any usual and customary costs of attendance at an eligible institution incurred by the student, including tuition, fees, books, and room and board.

Sec. 56.459. LOAN AMOUNT. (a) The amount of a Texas B-On-time loan for a semester or term for a student enrolled full-time at an eligible institution is an amount determined by the

1 coordinating board as the average amount of tuition and required
2 fees that a resident student enrolled full-time in a baccalaureate
3 degree program would be charged for that semester or term at general
4 academic teaching institutions.

5 (b) Not later than January 31 of each year, the coordinating
6 board shall publish the amounts of each loan established by the
7 board for each type of institution for the academic year beginning
8 the next fall semester.

9 (c) If in any academic year the amount of money in the Texas
10 B-On-time student loan account is insufficient to provide the loans
11 to all eligible persons in amounts specified by this section, the
12 coordinating board shall determine the amount of available money
13 and shall allocate that amount to eligible students in the order the
14 students applied.

15 Sec. 56.460. NOTIFICATION OF PROGRAM; RESPONSIBILITIES OF
16 SCHOOL DISTRICTS. (a) The coordinating board, in consultation
17 with all eligible institutions, shall prepare materials designed to
18 inform prospective students, their parents, and high school
19 counselors about the program and eligibility for a Texas B-On-time
20 loan. The coordinating board shall distribute to each eligible
21 institution and to each school district a copy of the materials
22 prepared under this subchapter.

23 (b) Each school district shall notify its middle school
24 students, junior high school students, and high school students,
25 those students' teachers and school counselors, and those students'
26 parents or guardians of the Texas B-On-time loan program and the
27 eligibility requirements of the program.

1 Sec. 56.461. LOAN PAYMENT DEFERRED. The repayment of a
2 Texas B-On-time loan received by a student under this subchapter is
3 deferred as long as the student remains continuously enrolled in a
4 baccalaureate degree program at an eligible institution.

5 Sec. 56.462. LOAN FORGIVENESS. A student who receives a
6 Texas B-On-time loan shall be forgiven the amount of the student's
7 loan if the student is awarded a baccalaureate degree at an eligible
8 institution with a cumulative grade point average of at least 3.0 on
9 a four-point scale or the equivalent:

10 (1) within:

11 (A) four calendar years after the date the
12 student initially enrolled in an institution of higher education or
13 private or independent institution of higher education if the
14 student is awarded a degree other than a degree in engineering,
15 architecture, or any other program determined by the coordinating
16 board to require more than four years to complete; or

17 (B) five calendar years after the date the
18 student initially enrolled in an institution of higher education or
19 private or independent institution of higher education if the
20 student is awarded a degree in engineering, architecture, or any
21 other program determined by the coordinating board to require more
22 than four years to complete; or

23 (2) with a total number of semester credit hours,
24 including transfer credit hours and excluding hours earned
25 exclusively by examination, hours earned for a course for which the
26 student received credit toward the student's high school academic
27 requirements, and hours earned for developmental coursework that an

1 institution of higher education required the student to take under
2 Section 51.3062 or under the former provisions of Section 51.306,
3 that is not more than six hours more than the minimum number of
4 semester credit hours required to complete the degree.

5 Sec. 56.463. TEXAS B-ON-TIME STUDENT LOAN ACCOUNT. (a) The
6 Texas B-On-time student loan account is an account in the general
7 revenue fund. The account consists of gifts and grants and
8 legislative appropriations received under Section 56.464 and other
9 money required by law to be deposited in the account.

10 (b) Money in the Texas B-On-time student loan account may be
11 used only to pay any costs of the coordinating board related to the
12 operation of the Texas B-On-time loan program and as otherwise
13 provided by this subchapter.

14 Sec. 56.464. FUNDING. (a) The coordinating board may
15 solicit and accept gifts and grants from any public or private
16 source for the purposes of this subchapter.

17 (b) The coordinating board may issue and sell general
18 obligation bonds under Subchapter F, Chapter 52, for the purposes
19 of this subchapter.

20 (c) The legislature may appropriate money for the purposes
21 of this subchapter.

22 SECTION 2. Section 52.89, Education Code, is amended by
23 amending Subsection (c) and adding Subsection (c-1) to read as
24 follows:

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

27 (1) any accrued interest on the bonds which shall be

1 deposited in the board interest and sinking fund relating to the
2 bonds; and

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

6 (c-1) Notwithstanding Subsection (c), proceeds from the
7 sale of bonds issued by the board under Section 56.464(b) to provide
8 Texas B-On-time student loans may be deposited to the credit of the
9 fund by resolution of the board.

10 SECTION 3. Subchapter F, Chapter 52, Education Code, is
11 amended by amending Section 52.90 to read as follows:

12 Sec. 52.90. LOANS FROM FUND. (a) The board:

13 (1) shall make a loan from the fund to a student who
14 qualifies for a loan under Subchapter C; and

15 (2) may make a loan from the fund to a student who
16 qualifies for a Texas B-On-time student loan under Subchapter Q,
17 Chapter 56.

18 (b) Loans from the fund are governed by Subchapter C of this
19 chapter or Subchapter Q, Chapter 56, as appropriate, as if made
20 under that subchapter, except to the extent of conflict with this
21 subchapter.

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

24 Sec. 52.91. BONDS FOR [FORMER] TEXAS B-ON-TIME STUDENT LOAN
25 PROGRAM.

26 SECTION 5. Section 52.91, Education Code, is amended by
27 amending Subsection (a), adding Subsection (b), and amending

Subsection (c) to read as follows:

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

(1) accrued interest on the bonds, which shall be deposited to the credit of the interest and sinking fund related to the bonds; and

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

(b) The board by resolution may establish as provided by Section [52.03](#) one or more interest and sinking funds to be used for any purpose relating to the Texas B-On-time student loan program established under Subchapter Q, Chapter [56](#).

(c) The board shall repay bonds described by Subsection (a) using proceeds from the bonds, legislative appropriations, and money collected by the board as repayment for Texas B-On-time student loans awarded by the board ~~[under Section [56.0092](#)(c) for a semester or term occurring before the 2020 fall semester]~~. The board may also repay the bonds by using 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. The board may not repay the bonds with money collected by the board as repayment for student loans awarded by the

1 board under Subchapter C to repay bonds issued by the board for the
2 Texas B-On-time student loan program under Section 56.464(b).

3 SECTION 6. (a) The Texas Higher Education Coordinating
4 Board and the eligible institutions shall award loans under the
5 Texas B-On-time student loan program established under Subchapter
6 Q, Chapter 56, Education Code, as added by this Act, beginning with
7 the 2017 fall semester.

8 (b) The Texas Higher Education Coordinating Board shall
9 adopt the initial rules for awarding loans under the Texas
10 B-On-time student loan program established under Subchapter Q,
11 Chapter 56, Education Code, as added by this Act, as soon as
12 practicable after the effective date of this Act. The coordinating
13 board may adopt those initial rules in the manner provided by law
14 for emergency rules.

15 SECTION 7. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2017.