

By: Bettencourt
(Morrison)

S.B. No. 2048

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the student loan program administered by the Texas
3 Higher Education Coordinating Board and to the repeal of a related
4 bond program.

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

6 SECTION 1. Sections 52.11(c), (d), (h), (k), and (n),
7 Education Code, are amended to read as follows:

8 (c) The proceeds from the sale of bonds shall be placed in
9 the student loan auxiliary fund [~~Texas Opportunity Plan Fund~~].

10 (d) To assure the orderly and economical marketing of the
11 bonds and the reasonable availability of money in the student loan
12 auxiliary fund [~~Texas Opportunity Plan Fund~~], the bonds may be
13 issued in installments.

14 (h) The bonds shall be executed on behalf of the
15 coordinating board, or its successor, as general obligations of the
16 State of Texas [~~in the following manner: They shall be signed by~~
17 ~~the chairman or vice chairman and the secretary of the board, and~~
18 ~~the seal of the board shall be impressed on them. They shall be~~
19 ~~signed by the governor and attested by the secretary of state and~~
20 ~~the state seal impressed on them. The resolution authorizing the~~
21 ~~issuance of any installment or series of bonds may prescribe the~~
22 ~~extent to which facsimile signatures and facsimile seals may be~~
23 ~~used in executing the bonds and appurtenant coupons. Interest~~
24 ~~coupons may be signed with the facsimile signatures of the chairman~~

1 ~~or vice chairman and the secretary of the board. In the event any~~
2 ~~officer whose manual or facsimile signature appears on any bond or~~
3 ~~coupon ceases to hold that office before the delivery of the bond or~~
4 ~~coupon, the signature will nevertheless be valid and sufficient for~~
5 ~~all purposes as if he had remained in office until the delivery had~~
6 ~~been made].~~

7 (k) The performance of official duties prescribed by
8 Sections 50b-4, 50b-5, 50b-6, and 50b-7, Article III, [~~Section 50b,~~
9 ~~of the]~~ Texas Constitution, in reference to the provision for the
10 payment and the payment of the bonds may be enforced in any court of
11 competent jurisdiction through mandamus or other appropriate
12 proceedings.

13 (n) This section applies only to bonds issued under Sections
14 50b-4, 50b-5, 50b-6, and 50b-7, Article III, [~~Section 50b, of the]~~
15 Texas Constitution.

16 SECTION 2. Section 52.16, Education Code, is amended to
17 read as follows:

18 Sec. 52.16. PROCEEDS FROM BOND SALE. All proceeds from the
19 sale of bonds authorized by Sections 50b-4, 50b-5, 50b-6, and
20 50b-7, Article III, [~~Section 50b, 50b-1, or 50b-2 of the]~~ Texas
21 Constitution, shall be deposited in the state treasury in the
22 student loan auxiliary fund [~~Texas Opportunity Plan Fund~~].

23 SECTION 3. Section 52.32(a), Education Code, is amended to
24 read as follows:

25 (a) The board may authorize loans from the Texas Opportunity
26 Plan Fund or the student loan auxiliary fund to a qualified
27 applicant who:

1 (1) is a resident of this state as defined by the board
2 in accordance with Subchapter B, Chapter 54;

3 (2) has been accepted for enrollment at a
4 participating higher educational institution[~~, provided that if~~
5 ~~the institution is a public or private postsecondary educational~~
6 ~~institution, the institution must be approved by an agency of the~~
7 ~~United States government for the purpose of guaranteeing the maker~~
8 ~~of such loans against loss due to the death, disability, or default~~
9 ~~of the borrower~~];

10 (3) has established that the student has insufficient
11 resources to finance the student's college education or alternative
12 educator certification program;

13 (4) has submitted to the board at least two
14 references, including the names of the persons giving those
15 references and appropriate contact information for those persons;
16 and

17 (5) has complied with other requirements established
18 by the rules adopted by the board in conformity with this chapter.

19 SECTION 4. Section 52.33, Education Code, is amended to
20 read as follows:

21 Sec. 52.33. AMOUNT OF LOAN. The amount of the loan to any
22 qualified applicant shall be limited to the difference between the
23 financial resources available to the applicant, including [~~but not~~
24 ~~limited to~~] the applicant's [~~income from parents and other~~
25 ~~sources,~~] scholarships, gifts, grants, and other financial aid,
26 [~~and the amount the applicant can reasonably be expected to earn,~~]
27 and the amount necessary to pay the applicant's reasonable expenses

1 as a student at the participating institution of higher education
2 where the applicant has been accepted for enrollment, under the
3 rules and regulations adopted by the board. The total loan to any
4 individual student may never be more than the amount the student can
5 reasonably be expected to repay in the maximum loan period provided
6 by board rule, except as otherwise provided for in this chapter.

7 SECTION 5. Sections 52.34(a) and (f), Education Code, are
8 amended to read as follows:

9 (a) No payment may be made to any student until the student
10 has executed a note payable to the Texas Opportunity Plan Fund or
11 the student loan auxiliary fund for the full amount of the
12 authorized loan plus interest.

13 (f) The board shall distribute money to a participating
14 institution through the current statewide accounting system
15 [~~electronic funds transfer system maintained by the Texas~~
16 ~~Guaranteed Student Loan Corporation for disbursing loan funds from~~
17 ~~commercial lenders participating in the guaranteed student loan~~
18 ~~program under Chapter 57, except that at the request of a~~
19 ~~participating institution the board may distribute the money~~
20 ~~through other means. The board shall enter into a contract with the~~
21 ~~corporation for the use of the system, and the corporation shall~~
22 ~~make the system available to the board as necessary to carry out~~
23 ~~this subsection~~].

24 SECTION 6. Section 52.38, Education Code, is amended to
25 read as follows:

26 Sec. 52.38. REPAYMENT OF LOANS. Repayment of any loan and
27 interest authorized under this chapter shall be made monthly and

1 shall begin not later than nine months after the date the student
2 borrower is last enrolled in a participating institution or any
3 other institution of higher education [~~and in no event later than~~
4 ~~five years from the date the first note evidencing a loan under this~~
5 ~~chapter is executed~~]. The board may, however, authorize a longer
6 period before beginning repayment of loans to medical students,
7 dental students, and other students seeking professional or
8 graduate degrees. The board may extend the time for beginning
9 repayment for unusual financial hardships, with the approval of the
10 attorney general. Repayment shall be made directly to the board [~~or~~
11 ~~to a participating institution~~] pursuant to a contract executed by
12 the board in accordance with its rules and regulations.

13 SECTION 7. The heading to Section 52.41, Education Code, is
14 amended to read as follows:

15 Sec. 52.41. SERVICING [~~RESTRICTION ON ISSUANCE~~] OF CERTAIN
16 FEDERALLY INSURED STUDENT LOANS.

17 SECTION 8. Section 52.41(b), Education Code, is amended to
18 read as follows:

19 (b) The board may service any outstanding student loans
20 issued by the board under the Federal Family Education Loan Program
21 authorized under Part B, Title IV, of the Higher Education Act of
22 1965 (20 U.S.C. Section 1071 et seq.).

23 SECTION 9. Section 52.53, Education Code, is amended to
24 read as follows:

25 Sec. 52.53. GIFTS AND GRANTS. The board may accept gifts,
26 grants, or donations of real or personal property from any
27 individual, group, association, or corporation or the United

1 States, subject to limitations or conditions set by law. The board
2 shall deposit gifts, grants, or donations of money [~~in the Texas~~
3 ~~Opportunity Plan Fund or~~] in the student loan auxiliary fund and
4 shall separately account for and expend the funds in accordance
5 with the specific purpose for which given and under such conditions
6 as are imposed by the donor and as provided by law.

7 SECTION 10. Section 52.541(a), Education Code, is amended
8 to read as follows:

9 (a) The board shall establish separate accounting within
10 the Texas Opportunity Plan Fund and the student loan auxiliary fund
11 for each of its existing loan programs[~~, including accounting for~~
12 ~~the federally insured loans that are insured by the United States~~
13 ~~Department of Education, the federally insured loans that are~~
14 ~~insured by the United States Department of Health and Human~~
15 ~~Services, and each loan program that consists of loans insured by~~
16 ~~the State of Texas~~].

17 SECTION 11. The following provisions of the Education Code
18 are repealed:

- 19 (1) Sections 52.32(a-1) and (b);
- 20 (2) Section 52.40;
- 21 (3) Sections 52.41(a) and (c); and
- 22 (4) Subchapter E, Chapter 52.

23 SECTION 12. This Act takes effect September 1, 2017.