

1-1 By: Bettencourt S.B. No. 2048  
1-2 (In the Senate - Filed March 10, 2017; March 28, 2017, read  
1-3 first time and referred to Committee on Higher Education;  
1-4 April 12, 2017, reported favorably by the following vote: Yeas 7,  
1-5 Nays 0; April 12, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			

1-15 A BILL TO BE ENTITLED  
1-16 AN ACT

1-17 relating to the student loan program administered by the Texas  
1-18 Higher Education Coordinating Board and to the repeal of a related  
1-19 bond program.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. Sections 52.11(c), (d), (h), (k), and (n),  
1-22 Education Code, are amended to read as follows:

1-23 (c) The proceeds from the sale of bonds shall be placed in  
1-24 the student loan auxiliary fund [~~Texas Opportunity Plan Fund~~].

1-25 (d) To assure the orderly and economical marketing of the  
1-26 bonds and the reasonable availability of money in the student loan  
1-27 auxiliary fund [~~Texas Opportunity Plan Fund~~], the bonds may be  
1-28 issued in installments.

1-29 (h) The bonds shall be executed on behalf of the  
1-30 coordinating board, or its successor, as general obligations of the  
1-31 State of Texas [~~in the following manner: They shall be signed by~~  
1-32 ~~the chairman or vice chairman and the secretary of the board, and~~  
1-33 ~~the seal of the board shall be impressed on them. They shall be~~  
1-34 ~~signed by the governor and attested by the secretary of state and~~  
1-35 ~~the state seal impressed on them. The resolution authorizing the~~  
1-36 ~~issuance of any installment or series of bonds may prescribe the~~  
1-37 ~~extent to which facsimile signatures and facsimile seals may be~~  
1-38 ~~used in executing the bonds and appurtenant coupons. Interest~~  
1-39 ~~coupons may be signed with the facsimile signatures of the chairman~~  
1-40 ~~or vice chairman and the secretary of the board. In the event any~~  
1-41 ~~officer whose manual or facsimile signature appears on any bond or~~  
1-42 ~~coupon ceases to hold that office before the delivery of the bond or~~  
1-43 ~~coupon, the signature will nevertheless be valid and sufficient for~~  
1-44 ~~all purposes as if he had remained in office until the delivery had~~  
1-45 ~~been made~~].

1-46 (k) The performance of official duties prescribed by  
1-47 Sections 50b-4, 50b-5, 50b-6, and 50b-7, Article III, [~~Section 50b,~~  
1-48 ~~of the~~] Texas Constitution, in reference to the provision for the  
1-49 payment and the payment of the bonds may be enforced in any court of  
1-50 competent jurisdiction through mandamus or other appropriate  
1-51 proceedings.

1-52 (n) This section applies only to bonds issued under Sections  
1-53 50b-4, 50b-5, 50b-6, and 50b-7, Article III, [~~Section 50b, of the~~]  
1-54 Texas Constitution.

1-55 SECTION 2. Section 52.16, Education Code, is amended to  
1-56 read as follows:

1-57 Sec. 52.16. PROCEEDS FROM BOND SALE. All proceeds from the  
1-58 sale of bonds authorized by Sections 50b-4, 50b-5, 50b-6, and  
1-59 50b-7, Article III, [~~Section 50b, 50b-1, or 50b-2 of the~~] Texas  
1-60 Constitution, shall be deposited in the state treasury in the  
1-61 student loan auxiliary fund [~~Texas Opportunity Plan Fund~~].

2-1 SECTION 3. Section 52.32(a), Education Code, is amended to  
2-2 read as follows:

2-3 (a) The board may authorize loans from the Texas Opportunity  
2-4 Plan Fund or the student loan auxiliary fund to a qualified  
2-5 applicant who:

2-6 (1) is a resident of this state as defined by the board  
2-7 in accordance with Subchapter B, Chapter 54;

2-8 (2) has been accepted for enrollment at a  
2-9 participating higher educational institution[~~, provided that if~~  
2-10 ~~the institution is a public or private postsecondary educational~~  
2-11 ~~institution, the institution must be approved by an agency of the~~  
2-12 ~~United States government for the purpose of guaranteeing the maker~~  
2-13 ~~of such loans against loss due to the death, disability, or default~~  
2-14 ~~of the borrower];~~

2-15 (3) has established that the student has insufficient  
2-16 resources to finance the student's college education or alternative  
2-17 educator certification program;

2-18 (4) has submitted to the board at least two  
2-19 references, including the names of the persons giving those  
2-20 references and appropriate contact information for those persons;  
2-21 and

2-22 (5) has complied with other requirements established  
2-23 by the rules adopted by the board in conformity with this chapter.

2-24 SECTION 4. Section 52.33, Education Code, is amended to  
2-25 read as follows:

2-26 Sec. 52.33. AMOUNT OF LOAN. The amount of the loan to any  
2-27 qualified applicant shall be limited to the difference between the  
2-28 financial resources available to the applicant, including [~~but not~~  
2-29 ~~limited to~~] the applicant's [~~income from parents and other~~  
2-30 ~~sources,~~] scholarships, gifts, grants, and other financial aid,  
2-31 [~~and the amount the applicant can reasonably be expected to earn,~~  
2-32 and the amount necessary to pay the applicant's reasonable expenses  
2-33 as a student at the participating institution of higher education  
2-34 where the applicant has been accepted for enrollment, under the  
2-35 rules and regulations adopted by the board. The total loan to any  
2-36 individual student may never be more than the amount the student can  
2-37 reasonably be expected to repay in the maximum loan period provided  
2-38 by board rule, except as otherwise provided for in this chapter.

2-39 SECTION 5. Sections 52.34(a) and (f), Education Code, are  
2-40 amended to read as follows:

2-41 (a) No payment may be made to any student until the student  
2-42 has executed a note payable to the Texas Opportunity Plan Fund or  
2-43 the student loan auxiliary fund for the full amount of the  
2-44 authorized loan plus interest.

2-45 (f) The board shall distribute money to a participating  
2-46 institution through the current statewide accounting system  
2-47 [~~electronic funds transfer system maintained by the Texas~~  
2-48 ~~Guaranteed Student Loan Corporation for disbursing loan funds from~~  
2-49 ~~commercial lenders participating in the guaranteed student loan~~  
2-50 ~~program under Chapter 57, except that at the request of a~~  
2-51 ~~participating institution the board may distribute the money~~  
2-52 ~~through other means. The board shall enter into a contract with the~~  
2-53 ~~corporation for the use of the system, and the corporation shall~~  
2-54 ~~make the system available to the board as necessary to carry out~~  
2-55 ~~this subsection].~~

2-56 SECTION 6. Section 52.38, Education Code, is amended to  
2-57 read as follows:

2-58 Sec. 52.38. REPAYMENT OF LOANS. Repayment of any loan and  
2-59 interest authorized under this chapter shall be made monthly and  
2-60 shall begin not later than nine months after the date the student  
2-61 borrower is last enrolled in a participating institution or any  
2-62 other institution of higher education [~~and in no event later than~~  
2-63 ~~five years from the date the first note evidencing a loan under this~~  
2-64 ~~chapter is executed]. The board may, however, authorize a longer  
2-65 period before beginning repayment of loans to medical students,  
2-66 dental students, and other students seeking professional or  
2-67 graduate degrees. The board may extend the time for beginning  
2-68 repayment for unusual financial hardships, with the approval of the  
2-69 attorney general. Repayment shall be made directly to the board [~~or~~~~

3-1 ~~to a participating institution]~~ pursuant to a contract executed by  
3-2 the board in accordance with its rules and regulations.

3-3 SECTION 7. The heading to Section 52.41, Education Code, is  
3-4 amended to read as follows:

3-5 Sec. 52.41. SERVICING ~~[RESTRICTION ON ISSUANCE]~~ OF CERTAIN  
3-6 FEDERALLY INSURED STUDENT LOANS.

3-7 SECTION 8. Section 52.41(b), Education Code, is amended to  
3-8 read as follows:

3-9 (b) The board may service any outstanding student loans  
3-10 issued by the board under the Federal Family Education Loan Program  
3-11 authorized under Part B, Title IV, of the Higher Education Act of  
3-12 1965 (20 U.S.C. Section 1071 et seq.).

3-13 SECTION 9. Section 52.53, Education Code, is amended to  
3-14 read as follows:

3-15 Sec. 52.53. GIFTS AND GRANTS. The board may accept gifts,  
3-16 grants, or donations of real or personal property from any  
3-17 individual, group, association, or corporation or the United  
3-18 States, subject to limitations or conditions set by law. The board  
3-19 shall deposit gifts, grants, or donations of money [~~in the Texas  
3-20 Opportunity Plan Fund or~~] in the student loan auxiliary fund and  
3-21 shall separately account for and expend the funds in accordance  
3-22 with the specific purpose for which given and under such conditions  
3-23 as are imposed by the donor and as provided by law.

3-24 SECTION 10. Section 52.541(a), Education Code, is amended  
3-25 to read as follows:

3-26 (a) The board shall establish separate accounting within  
3-27 the Texas Opportunity Plan Fund and the student loan auxiliary fund  
3-28 for each of its existing loan programs [~~, including accounting for  
3-29 the federally insured loans that are insured by the United States  
3-30 Department of Education, the federally insured loans that are  
3-31 insured by the United States Department of Health and Human  
3-32 Services, and each loan program that consists of loans insured by  
3-33 the State of Texas]~~.

3-34 SECTION 11. The following provisions of the Education Code  
3-35 are repealed:

- 3-36 (1) Sections 52.32(a-1) and (b);
- 3-37 (2) Section 52.40;
- 3-38 (3) Sections 52.41(a) and (c); and
- 3-39 (4) Subchapter E, Chapter 52.

3-40 SECTION 12. This Act takes effect September 1, 2017.

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