

By: Zaffirini

S.B. No. 35

A BILL TO BE ENTITLED

AN ACT

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

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:

(A) a general academic teaching institution; or

(B) a public junior college that offers one or more baccalaureate degree programs.

(3) "General academic teaching institution" and "public junior 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

1 this state.

2 Sec. 56.453. ADMINISTRATION OF PROGRAM; RULES. (a) The
3 coordinating board shall:

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

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

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

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

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

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

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

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

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

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

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

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

9 Sec. 56.454. PERSONS NOT ELIGIBLE. A person is not eligible
10 to receive a Texas B-On-time loan if the person was ever previously
11 enrolled at an institution of higher education for an academic term
12 before the academic year in which the person initially applies for a
13 loan under this subchapter.

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

16 (1) be a resident of this state under Section [54.052](#) or
17 be entitled, as a child of a member of the armed forces of the United
18 States, to pay tuition at the rate provided for residents of this
19 state under Section [54.241](#);

20 (2) meet one of the following academic requirements:

21 (A) be a graduate of a public or private high
22 school in this state who graduated not earlier than the 2020-2021
23 school year and earned a distinguished level of achievement under
24 the foundation high school program established under Section [28.025](#)
25 or its equivalent; or

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

1 (i) graduated from that school not earlier
2 than the 2020-2021 school year; and

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

6 (3) be 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 (4) be 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; and

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

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

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

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

25 (3) makes satisfactory academic progress toward a
26 degree as determined by the institution at which the person is
27 enrolled, if the person is enrolled in the person's first academic

1 year at the institution;

2 (4) completed at least 75 percent of the semester
3 credit hours attempted by the person in the most recent academic
4 year and has a cumulative grade point average of at least 2.5 on a
5 four-point scale or the equivalent on all coursework previously
6 attempted at institutions of higher education, if the person is
7 enrolled in any academic year after the person's first academic
8 year; and

9 (5) complies with any additional requirement adopted
10 by the coordinating board under this subchapter.

11 (b) If a person fails to meet any of the requirements of
12 Subsection (a) after the completion of any semester or term, the
13 person may not receive a Texas B-On-time loan for the next semester
14 or term in which the person enrolls. A person may become eligible
15 to receive a Texas B-On-time loan in a subsequent semester or term
16 if the person:

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

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

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

24 Sec. 56.457. WAIVER OF COURSE LOAD REQUIREMENT. (a) The
25 coordinating board shall adopt rules to allow a person who is
26 otherwise eligible to receive a Texas B-On-time loan, in the event
27 of a hardship or other good cause, to receive a Texas B-On-time loan

1 while enrolled in a number of semester credit hours that is less
2 than the number of semester credit hours required under Section
3 56.455 or 56.456, as applicable.

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

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

11 Sec. 56.459. LOAN AMOUNT. (a) The amount of a Texas
12 B-On-time loan for a semester or term for a student enrolled
13 full-time at a general academic teaching institution is an amount
14 determined by the coordinating board as the average statewide
15 amount of tuition and required fees that a resident student
16 enrolled full-time in a baccalaureate degree program would be
17 charged for that semester or term at general academic teaching
18 institutions.

19 (b) The amount of a Texas B-On-time loan for a student
20 enrolled full-time at a public junior college is the amount
21 determined by the coordinating board as the average statewide
22 amount of tuition and required fees that a student who is a resident
23 of the junior college district and is enrolled full-time in a
24 baccalaureate degree program would be charged for that semester or
25 term at public junior colleges.

26 (c) Not later than January 31 of each year, the coordinating
27 board shall publish the amounts of each loan established by the

1 board for each type of institution for the academic year beginning
2 the next fall semester.

3 (d) If in any academic year the amount of money in the Texas
4 B-On-time student loan account is insufficient to provide the loans
5 to all eligible persons in amounts specified by this section, the
6 coordinating board shall determine the amount of available money
7 and shall allocate that amount to eligible students in the order in
8 which the students applied.

9 Sec. 56.460. NOTIFICATION OF PROGRAM; RESPONSIBILITIES OF
10 SCHOOL DISTRICTS. (a) The coordinating board, in consultation
11 with representatives of the board's financial aid advisory
12 committee established under Section 61.0776, shall prepare
13 materials designed to inform prospective students, their parents or
14 guardians, and their teachers and counselors about the program and
15 eligibility for a Texas B-On-time loan. The coordinating board
16 shall distribute to each eligible institution and to each school
17 district a copy of the materials prepared under this subchapter.

18 (b) Each school district shall notify its middle school
19 students, junior high school students, and high school students,
20 those students' teachers and counselors, and those students'
21 parents or guardians of the Texas B-On-time loan program and the
22 eligibility requirements of the program.

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

27 Sec. 56.462. LOAN FORGIVENESS. A student who receives a

1 Texas B-On-time loan shall be forgiven the amount of the student's
2 loan if the student is awarded a baccalaureate degree at an eligible
3 institution with a cumulative grade point average of at least 3.0 on
4 a four-point scale or the equivalent:

5 (1) within:

6 (A) four calendar years after the date the
7 student initially enrolled in an institution of higher education if
8 the student is awarded a degree other than a degree in a program
9 that the institution certifies to the coordinating board is a
10 program that requires more than four years to complete; or

11 (B) five calendar years after the date the
12 student initially enrolled in an institution of higher education if
13 the student is awarded a degree in a program that the institution
14 certifies to the coordinating board is a program that requires more
15 than four years to complete; or

16 (2) with a total number of semester credit hours that
17 is not more than six hours more than the minimum number of semester
18 credit hours required to complete the degree, including transfer
19 credit hours and excluding hours earned:

20 (A) exclusively by examination;

21 (B) for a course for which the student received
22 credit toward the student's high school academic requirements; and

23 (C) for developmental coursework that an
24 institution of higher education required the student to take under
25 Subchapter F-1, Chapter 51, or under the provisions of former
26 Section 51.306 or former Section 51.3062.

27 Sec. 56.463. TEXAS B-ON-TIME STUDENT LOAN ACCOUNT. (a) The

1 Texas B-On-time student loan account is an account in the general
2 revenue fund. The account consists of gifts and grants and
3 legislative appropriations received under Section 56.464 and other
4 money required by law to be deposited in the account.

5 (b) Money in the Texas B-On-time student loan account may be
6 used only to pay the costs of the coordinating board related to the
7 operation of the Texas B-On-time loan program and as otherwise
8 provided by this subchapter.

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

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

15 (c) The legislature may appropriate money for the purposes
16 of this subchapter.

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

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

22 (1) any accrued interest on the bonds which shall be
23 deposited in the board interest and sinking fund relating to the
24 bonds; and

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

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

5 SECTION 3. Sections 52.90(a) and (b), Education Code, are
6 amended to read as follows:

7 (a) The board:

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

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

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

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

19 Sec. 52.91. BONDS FOR [~~FORMER~~] TEXAS B-ON-TIME STUDENT LOAN
20 PROGRAM.

21 SECTION 5. Section 52.91, Education Code, is amended by
22 amending Subsections (a) and (c) and adding Subsection (b) to read
23 as follows:

24 (a) The board shall deposit to the credit of the Texas
25 B-On-time student loan account established under Section 56.463 or
26 former Section 56.0092 any proceeds from the sale of bonds issued by
27 the board to fund Texas B-On-time student loans under Section

1 56.464(b), [~~as that subsection existed immediately before~~
2 ~~September 1, 2015,~~] other than:

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

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

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

13 (c) The board shall repay bonds described by Subsection (a)
14 using proceeds from the bonds, legislative appropriations, and
15 money collected by the board as repayment for Texas B-On-time
16 student loans awarded by the board [~~under Section 56.0092(c) for a~~
17 ~~semester or term occurring before the 2020 fall semester~~]. The
18 board may also repay the bonds by using tuition set aside under
19 Section 56.465, as that section existed immediately before
20 September 1, 2015, for a semester or term occurring before the 2015
21 fall semester. The board may not repay the bonds with money
22 collected by the board as repayment for student loans awarded by the
23 board under Subchapter C.

24 SECTION 6. Section 56.0092, Education Code, is repealed.

25 SECTION 7. (a) The Texas Higher Education Coordinating
26 Board and the eligible institutions shall award loans under the
27 Texas B-On-time loan program established under Subchapter Q,

1 Chapter 56, Education Code, as added by this Act, beginning with the
2 2021 fall semester.

3 (b) The Texas Higher Education Coordinating Board shall
4 adopt the initial rules for awarding loans under the Texas
5 B-On-time loan program established under Subchapter Q, Chapter 56,
6 Education Code, as added by this Act, as soon as practicable after
7 the effective date of this Act.

8 SECTION 8. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2021.