

AN ACT

relating to the establishment and operation of the Texas B-On-time student loan program and the creation of a pilot program regarding the retention of certain students at institutions of higher education; authorizing the issuance of bonds.

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) an institution of higher education; or

(B) a private or independent institution of higher education.

(3) "General academic teaching institution," "private or independent institution of higher education," "public junior college," and "public technical institute" 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.

1 **(b) The purpose of this subchapter is to provide no-interest**
2 **loans to eligible students to enable those students to attend all**
3 **public and private or independent institutions of higher education**
4 **in this state.**

5 **Sec. 56.453. ADMINISTRATION OF PROGRAM; RULES. (a) The**
6 **coordinating board shall:**

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

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

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

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

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

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 150 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 for purposes of**

1 Subchapter B, Chapter 54;

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

3 (A) be a graduate of a public or accredited
4 private high school in this state who graduated not earlier than the
5 2002-2003 school year under the recommended or advanced high school
6 program established under Section 28.025(a); or

7 (B) have received an associate degree from an
8 eligible institution not earlier than May 1, 2005;

9 (3) be enrolled for a full course load for an
10 undergraduate student, as determined by the coordinating board, in
11 an undergraduate degree or certificate program at an eligible
12 institution;

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

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

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

24 (1) is enrolled for a full course load for an
25 undergraduate student, as determined by the coordinating board, in
26 an undergraduate degree or certificate program at an eligible
27 institution;

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

4 (3) makes satisfactory academic progress toward a
5 degree or certificate as determined by the institution at which the
6 person is enrolled, if the person is enrolled in the person's first
7 academic year at the institution;

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

15 (5) complies with any additional nonacademic
16 requirement adopted by the coordinating board.

17 (b) If a person fails to meet any of the requirements of
18 Subsection (a) after the completion of any semester or term, the
19 person may not receive a Texas B-On-time loan for the next semester
20 or term in which the person enrolls. A person may become eligible
21 to receive a Texas B-On-time loan in a subsequent semester or term
22 if the person:

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

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

26 (c) A person who is eligible to receive a Texas B-On-time
27 loan continues to remain eligible to receive the Texas B-On-time

1 loan if the person enrolls in or transfers to another eligible
2 institution.

3 (d) A person who qualifies for and subsequently receives a
4 Texas B-On-time loan, who receives an undergraduate certificate or
5 associate degree, and who, not later than the 12th month after the
6 month the person receives the certificate or degree, enrolls in a
7 program leading to a higher-level undergraduate degree continues to
8 be eligible for a Texas B-On-time loan to the extent other
9 eligibility requirements are met.

10 Sec. 56.457. WAIVER OF COURSE LOAD REQUIREMENT. (a) The
11 coordinating board shall adopt rules to allow a person who is
12 otherwise eligible to receive a Texas B-On-time loan, in the event
13 of a hardship or other good cause, to receive a Texas B-On-time loan
14 while enrolled in a number of semester credit hours that is less
15 than the number of semester credit hours required under Section
16 56.455 or 56.456, as applicable.

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

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

24 Sec. 56.459. LOAN AMOUNT. (a) The amount of a Texas
25 B-On-time loan for a semester or term for a student enrolled
26 full-time at an eligible institution other than an institution
27 covered by Subsection (b), (c), or (d) is an amount determined by

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

5 (b) The amount of a Texas B-On-time loan for a student
6 enrolled full-time at a private or independent institution of
7 higher education is an amount determined by the coordinating board
8 as the average statewide amount of tuition and required fees that a
9 resident student enrolled full-time in an undergraduate degree
10 program would be charged for that semester or term at general
11 academic teaching institutions.

12 (c) The amount of a Texas B-On-time loan for a student
13 enrolled full-time at a public technical institute is the 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 an associate degree or certificate program
17 would be charged for that semester or term at public technical
18 institutes.

19 (d) 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 an
24 associate degree or certificate program would be charged for that
25 semester or term at public junior colleges.

26 (e) 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 (f) 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 institutions in
8 proportion to the number of full-time equivalent undergraduate
9 students enrolled at each institution. Each institution shall use
10 the money allocated to award Texas B-On-time loans to eligible
11 students enrolled at the institution selected according to
12 financial need.

13 Sec. 56.460. NOTIFICATION OF PROGRAM; RESPONSIBILITIES OF
14 SCHOOL DISTRICTS. (a) The coordinating board shall distribute to
15 each eligible institution and to each school district a copy of the
16 rules adopted under this subchapter.

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

22 Sec. 56.461. LOAN PAYMENT DEFERRED. The repayment of a
23 Texas B-On-time loan received by a student under this subchapter is
24 deferred as long as the student remains continuously enrolled in an
25 undergraduate degree or certificate program at an eligible
26 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 an undergraduate certificate or
3 degree at an eligible institution with a cumulative grade point
4 average of at least 3.0 on a four-point scale or the equivalent:

5 (1) within:

6 (A) four calendar years after the date the
7 student initially enrolled in the institution or another eligible
8 institution if:

9 (i) the institution is a four-year
10 institution; and

11 (ii) the student is awarded a degree other
12 than a degree in engineering, architecture, or any other program
13 determined by the coordinating board to require more than four
14 years to complete;

15 (B) five calendar years after the date the
16 student initially enrolled in the institution or another eligible
17 institution if:

18 (i) the institution is a four-year
19 institution; and

20 (ii) the student is awarded a degree in
21 engineering, architecture, or any other program determined by the
22 coordinating board to require more than four years to complete; or

23 (C) two years after the date the student
24 initially enrolled in the institution or another eligible
25 institution if the institution is a public junior college or public
26 technical institute; or

27 (2) with a total number of semester credit hours,

1 including transfer credit hours and hours earned exclusively by
2 examination, that is not more than six hours more than the minimum
3 number of semester credit hours required to complete the
4 certificate or degree.

5 Sec. 56.463. TEXAS B-ON-TIME STUDENT LOAN ACCOUNT.

6 (a) The Texas B-On-time student loan account is an account in the
7 general revenue fund. The account consists of gifts and grants and
8 legislative appropriations received under Section 56.464, tuition
9 set aside under Section 56.465, and other money required by law to
10 be deposited in the account.

11 (b) Money in the Texas B-On-time student loan account may be
12 used only as provided by this subchapter.

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

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

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

21 Sec. 56.465. TUITION SET ASIDE FOR PROGRAM. (a) The
22 governing board of each institution of higher education shall cause
23 to be set aside five percent of the amount of the tuition charged to
24 a student at the institution under Section 54.0513 that is in excess
25 of the amount that would have been charged to the student under that
26 section for the same semester or term in the 2002-2003 academic
27 year.

1 (b) The amount of tuition set aside under Subsection (a)
2 shall be deposited to the credit of the Texas B-On-time student loan
3 account established under Section 56.463.

4 SECTION 2. Subsection (d), Section 52.82, Education Code,
5 is amended to read as follows:

6 (d) The total amount of bonds issued by the board in a state
7 fiscal year may not exceed \$125 [~~\$100~~] million.

8 SECTION 3. Section 52.89, Education Code, is amended by
9 amending Subsection (c) and adding Subsection (c-1) to read as
10 follows:

11 (c) The board shall deposit to the credit of the fund any
12 [the] proceeds from the sale of bonds [in the fund], excluding:

13 (1) any accrued interest on the bonds which shall be
14 deposited in the board interest and sinking fund relating to the
15 bonds; and

16 (2) proceeds from the sale of bonds issued by the board
17 under Section 56.464(b) to provide Texas B-On-time student loans.

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

22 SECTION 4. Subchapter F, Chapter 52, Education Code, is
23 amended by amending Section 52.90 and adding Section 52.91 to read
24 as follows:

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

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

1 (2) may make a loan from the fund to a student who
2 qualifies for a Texas B-On-time student loan under Subchapter Q,
3 Chapter 56 [~~of this chapter~~].

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

8 (c) The board may charge and collect a loan origination fee
9 from a person [~~student~~] who receives a loan from the fund. The
10 board may use the fee to pay operating expenses for making loans
11 under this section.

12 Sec. 52.91. BONDS FOR TEXAS B-ON-TIME STUDENT LOAN PROGRAM.

13 (a) The board shall deposit to the credit of the Texas B-On-time
14 student loan account established under Section 56.463 any proceeds
15 from the sale of bonds issued by the board to fund Texas B-On-time
16 student loans under Section 56.464(b), other than:

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

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

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

27 (c) The board shall repay bonds issued by the board to fund

1 the Texas B-On-time student loan program using legislative
2 appropriations and money collected by the board as repayment for
3 Texas B-On-time student loans awarded by the board. The board may
4 not use money collected by the board as repayment for student loans
5 awarded by the board under Subchapter C to repay bonds issued by the
6 board for the Texas B-On-time student loan program under Section
7 56.464(b).

8 SECTION 5. Subchapter Z, Chapter 51, Education Code, is
9 amended by adding Section 51.9356 to read as follows:

10 Sec. 51.9356. PILOT PROGRAM REGARDING THE RETENTION OF
11 STUDENTS IN HIGHER EDUCATION. (a) The Texas Higher Education
12 Coordinating Board shall develop a pilot program called the
13 "Freshman SUCCESS Program" that will focus on retention of
14 high-risk students who are first generation in college, low-income,
15 and/or educationally underprepared by providing proactive
16 intervention modalities to meet the demands of college.

17 (b) The pilot program shall address the students' academic,
18 emotional, behavioral, and financial needs as well as cultural
19 barriers that may affect their success in college.

20 (c) In conducting this pilot program study, the board shall:

21 (1) identify and evaluate the potential benefits and
22 advantages of this type of program;

23 (2) evaluate and make recommendations concerning any
24 legal, administrative, or practical problems with this type of
25 program; and

26 (3) indicate the impact on the goals for the Texas
27 Higher Education Coordinating Board's Closing the Gaps strategy.

1 (d) The board shall complete the pilot program study and
2 report the results of the study to the Legislature on or before
3 December 1, 2004. The report must include the board's
4 recommendations concerning the Freshman SUCCESS Program.

5 (e) In this section, "board" means the Texas Higher
6 Education Coordinating Board.

7 (f) This section expires September 1, 2005.

8 SECTION 6. (a) The Texas Higher Education Coordinating
9 Board and the eligible institutions shall award loans under the
10 Texas B-On-time student loan program established under Subchapter
11 Q, Chapter 56, Education Code, as added by this Act, beginning with
12 the 2003 fall semester.

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

20 SECTION 7. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2003.

David Newkumst
President of the Senate

Jim Cusick
Speaker of the House

I hereby certify that S.B. No. 4 passed the Senate on May 8, 2003, by the following vote: Yeas 31, Nays 0; May 30, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 31, 2003, House granted request of the Senate; June 1, 2003, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Ratsy Saw
Secretary of the Senate

I hereby certify that S.B. No. 4 passed the House, with amendments, on May 28, 2003, by the following vote: Yeas 137, Nays 0, two present not voting; May 31, 2003, House granted request of the Senate for appointment of Conference Committee; June 1, 2003, House adopted Conference Committee Report by the following vote: Yeas 143, Nays 0, one present not voting.

Robert Haney
Chief Clerk of the House

Approved:

20 JUN '03

Date

Rick Perry
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
9:30 PM O'CLOCK

June Shea
Secretary of State