

BILL ANALYSIS

C.S.H.B. 836
By: Clardy
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note the growth of student loan debt in Texas and the stated goal of the Texas Higher Education Coordinating Board in reducing that debt. C.S.H.B. 836 seeks to work toward this goal by giving students the ability to make more informed choices regarding student loans and to better understand the short-term and long-term consequences of those choices.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 836 amends the Education Code to require a participating higher educational institution under the student loan program that enrolls one or more students receiving state financial aid administered by the Texas Higher Education Coordinating Board and that receives education loan information for a student enrolled at the institution who initially enrolled at the institution as a first-time freshman to provide to that student at least annually certain estimates regarding the student's education loan obligations in an electronic form. The bill limits this required disclosure to education loan debt information regarding the student that the institution receives or otherwise obtains from the U.S. Department of Education central database for student aid and may reasonably collect from its own records and requires the disclosure to identify the types of education loans included in the institution's estimates and to include certain statements regarding the nature of the disclosure. The bill exempts a participating higher educational institution from liability for any representation made under the bill's provisions and requires the coordinating board to adopt rules for the administration of those provisions. The bill applies beginning with the 2018-2019 academic year.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 836 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter C, Chapter 52, Education Code, is amended by adding Section 52.335 to read as follows:

Sec. 52.335. REQUIRED LOAN DEBT DISCLOSURE. (a) This section applies to a participating higher educational institution that enrolls one or more students receiving state financial aid administered by the Texas Higher Education Coordinating Board.

(b) A participating higher educational institution to which this section applies that receives education loan information for a student enrolled at the institution shall provide to that student the following information:

(1) an estimate of the total amount of education loans previously incurred by the student;

(2) an estimate of the total payoff amount, or a range for that amount, for the amount described by Subdivision (1), including principal and interest;

(3) an estimate of the monthly repayment amount that the student may incur for the repayment of the amount described by Subdivision (1), including principal and interest; and

(4) an estimate of the percentage of the education loan borrowing limit applicable to the student based on the student's dependency status and degree objective.

(c) A participating higher educational institution is required to include in the disclosure only education loan debt information regarding the student that the institution:

(1) receives or otherwise obtains from the United States Department of Education's central database for student aid; and

(2) may reasonably collect from its own records.

(d) The disclosure required under this section must:

(1) identify the types of education loans included in the institution's estimates; and

(2) include:

(A) a statement that the disclosure is not a complete and official record of the student's education loan debt, together with an explanation regarding why the disclosure may not be complete or accurate; and

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter C, Chapter 52, Education Code, is amended by adding Section 52.335 to read as follows:

Sec. 52.335. REQUIRED LOAN DEBT DISCLOSURE. (a) This section applies to a participating higher educational institution that enrolls one or more students receiving state financial aid administered by the Texas Higher Education Coordinating Board.

(b) At least annually a participating higher educational institution to which this section applies that receives education loan information for a student enrolled at the institution who initially enrolled at the institution as a first-time freshman student shall provide to that student in an electronic communication the following information:

(1) an estimate of the total amount of state and federal education loans incurred by the student;

(2) an estimate of the total payoff amount, or a range for that amount, for the amount described by Subdivision (1), including principal and interest; and

(3) an estimate of the monthly repayment amount that the student may incur for the repayment of the amount described by Subdivision (1), including principal and interest.

(c) A participating higher educational institution is required to include in the disclosure only education loan debt information regarding the student that the institution:

(1) receives or otherwise obtains from the United States Department of Education's central database for student aid; and

(2) may reasonably collect from its own records.

(d) The disclosure required under this section must:

(1) identify the types of education loans included in the institution's estimates; and

(2) include:

(A) a statement that the disclosure is not a complete and official record of the student's education loan debt, together with an explanation regarding why the disclosure may not be complete or accurate; and

(B) a statement that the institution's estimates are general in nature and are not intended as a guarantee or promise.

(e) A participating higher educational institution does not incur liability for any representation made under this section.

(f) The Texas Higher Education Coordinating Board shall adopt rules for the administration of this section.

SECTION 2. Section 52.335, Education Code, as added by this Act, applies beginning with the 2018-2019 academic year.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

(B) a statement that the institution's estimates are general in nature and are not intended as a guarantee or promise.

(e) A participating higher educational institution does not incur liability for any representation made under this section.

(f) The Texas Higher Education Coordinating Board shall adopt rules for the administration of this section.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.