

BILL ANALYSIS

Senate Research Center

H.B. 1689
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Education
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Engrossed

DIGEST

According to a survey conducted by the National Council of State Educators, child-care providers reported that 31 percent of their staff left their positions within one year. One of the reasons listed for the high turnover rate is low wages. These lower wages may deter those staff members who must pay back student loans from remaining in their positions. H.B. 1689 would create the Early Childhood Child-care Worker Student Loan Repayment Program, and would authorize the Texas Higher Education Coordinating Board to provide loan repayment assistance to qualified applicants. Furthermore, this bill sets forth eligibility criteria for applicants and the terms of the loan repayment assistance, and provides for funding for the program.

PURPOSE

As proposed, H.B. 1689 creates the Early Childhood Child-care Worker Student Loan Repayment Program and authorizes the Texas Higher Education Coordinating Board to provide certain loan repayment assistance.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 61.877(a), Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 61, Education Code, by adding Subchapter T, as follows:

SUBCHAPTER T. EARLY CHILDHOOD CHILD-CARE WORKER STUDENT LOAN REPAYMENT PROGRAM

Sec. 61.871. **DEFINITIONS.** Defines “child-care facility” and “early childhood child-care worker.”

Sec. 61.872. **LOAN REPAYMENT ASSISTANCE AUTHORIZED.** Requires the Texas Higher Education Coordinating Board (board) to provide assistance in the repayment of eligible student loans for persons who apply and qualify for the assistance.

Sec. 61.873. **ELIGIBILITY FOR ASSISTANCE.** Sets forth requirements a person must meet in order to be eligible to receive the loan repayment assistance.

Sec. 61.874. **ELIGIBLE LOANS.** Authorizes a person to be eligible for assistance for repayment of any student loan for education at any public or private institution of higher education through any lender. Requires the note or other writing governing the terms of a loan that was not a state or federally guaranteed student loan to require the loan proceeds to be used for educational expenses. Prohibits the board from providing the assistance to a loan that is in default at the time of the application.

Sec. 61.875. **AGREEMENT.** Requires a person to enter into a written agreement with the board that specifies the conditions of the loan in order to receive the assistance. Sets forth conditions to which a person must agree in the agreement, including years of service, and contingencies regarding a lack of service. Requires the board to determine the terms of the promissary note, which must be the same as those applicable to state or federally guaranteed student loans.

Requires all amounts collected in repayment of a loan to be deposited to the credit of the trust fund established by Section 61.878.

Sec. 61.876. AMOUNT OF REPAYMENT ASSISTANCE; LIMITATIONS. Authorizes a person to receive a certain percentage of the total amount of the person's outstanding loan for each year the person works as a child-care worker. Authorizes the board to enter into an agreement to provide the assistance under Section 61.875 only to the extent money in the trust fund or money appropriated to the fund will be sufficient to provide the assistance; otherwise, the board shall select the person to receive the assistance from the eligible applicants according to certain criteria including financial need. Provides that the board may determine the manner in which the assistance is to be paid and shall include provisions governing the repayment. Authorizes the board to provide for the repayment of a portion of the assistance in one or more installments before the person completes a full year of service as an early childhood child-care worker and for the payment of the remainder of the assistance after the full year of service.

Sec. 61.877. ADMINISTRATION; RULES. Requires the board to adopt rules necessary for the administration of this subchapter. Requires the board to distribute a copy of the rules to each public or private institution of higher education in this state that offers a degree in early childhood development or an equivalent degree.

Sec. 61.878. FUNDING. Provides that the assistance program is funded from the child-care worker student loan assistance trust fund. Provides that the fund is established outside of the treasury and is administered by the comptroller. Authorizes money in the trust fund to be spent without appropriation and only to fund the program. Requires the interest and income from the assets of the fund to be credited to and deposited in the fund. Authorizes the board to solicit and accept gifts, grants, and donations from any public or private source for the purposes of this chapter, and requires the board to deposit the money to the credit of the fund. Authorizes the legislature to appropriate money to the fund.

SECTION 2. Effective date: beginning of the fall, 1999, school semester.

SECTION 3. Emergency clause.
Effective date: upon passage.