

BILL ANALYSIS

Senate Research Center
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S.B. 16
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Higher Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 16 creates a student loan repayment assistance program for peace officers who have served four consecutive years and agree to continued employment as a peace officer in this state for an additional four years.

An eligible person would receive 25 percent of their total outstanding loan balance each year for four years, plus interest accrued, paid directly to the loan agency.

An eligible person must have completed an undergraduate or graduate program at a general academic teaching institution or a private or independent institution of higher education.

Loans eligible for repayment assistance must be for education at a postsecondary institution, be a state or federal guaranteed student loan, or another loan that required the funds to only be used for expenses incurred by a person in attending a postsecondary educational institution, and must not be in default.

The program is coordinated through the Texas Higher Education Coordinating Board (THECB), which has rulemaking authority over this program. In the event that applications exceed funding available for this program, THECB is required to create a process to prioritize renewal applicants.

As proposed, S.B. 16 amends current law relating to a student loan repayment assistance program for certain persons who agree to employment as full-time peace officers in this state.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 61.9960, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER NN. PEACE OFFICER LOAN REPAYMENT ASSISTANCE PROGRAM

Sec. 61.9951. DEFINITIONS. Defines "general academic teaching institution," "private or independent institution of higher education," and "peace officer."

Sec. 61.9952. LOAN REPAYMENT ASSISTANCE AUTHORIZED; PURPOSE. Requires the Texas Higher Education Coordinating Board (THECB) to establish and administer a program to provide, in accordance with this subchapter and THECB rules, loan repayment assistance in the repayment over a four-year period of the total outstanding balance, plus interest, of a peace officer's eligible loans for eligible peace officers who agree to continued employment as full-time peace officers in this state for a specified period.

Sec. 61.9953. INITIAL ELIGIBILITY; AGREEMENT REQUIREMENTS. (a) Requires a person, to be eligible to receive loan repayment assistance under this subchapter for the first year for which the person seeks loan repayment assistance, to:

(1) submit to THECB an initial application for the loan repayment assistance, in the manner and on a form prescribed by THECB rule, that requires:

(A) employer verification of the person's employment as a full-time peace officer in this state for at least four consecutive years and the person's current employment as a peace officer in this state as of the date of the application; and

(B) a transcript of the person's postsecondary course work;

(2) have completed an undergraduate or graduate program at a general academic teaching institution or a private or independent institution of higher education;

(3) be currently employed, and have completed at least four consecutive years of employment, as a full-time peace officer in this state;

(4) not be in default on any other education loan;

(5) enter into an agreement with THECB under Subsection (b); and

(6) comply with any other requirement adopted by THECB under this subchapter.

(b) Requires a person, to receive loan repayment assistance under this subchapter, to enter into an agreement with THECB:

(1) under which the person:

(A) agrees to complete four additional consecutive years of employment as a full-time peace officer in this state in exchange for an amount of loan repayment assistance in each of those years as provided by Section 61.9956; and

(B) acknowledges the conditional nature of the loan repayment assistance; and

(2) which states the total amount of principal, accrued interest, fees, and other charges due on all outstanding eligible loans for which the person is applying for repayment assistance.

Sec. 61.9954. CONTINUING ELIGIBILITY. Authorizes a person, after initially qualifying for loan repayment assistance under Section 61.9953, to continue to receive loan repayment assistance in a subsequent year only if the person annually submits an application, in the manner and on a form prescribed by THECB rule, that requires employer verification of the person's continuous employment as a full-time peace officer in this state for the year ending immediately before the date the application is submitted under this section.

Sec. 61.9955. EXCEPTION TO CONSECUTIVE YEARS OF FULL-TIME EMPLOYMENT REQUIREMENT. Requires THECB to excuse an otherwise eligible person from a requirement imposed by Section 61.9953 or 61.9954 that the employment qualifying the person for loan repayment assistance be performed in consecutive years if the break in employment is a result of the person's:

- (1) service on active duty as a member of the armed forces of the United States, including as a member of a reserve or National Guard unit called for active duty;
- (2) temporary total disability for a period of not more than 36 months, as established by the affidavit of a qualified physician;
- (3) inability to secure employment as required by Section 61.9953 or 61.9954 for a period not to exceed 12 months because of care required by a disabled spouse or child;
- (4) inability, despite reasonable efforts, to secure for a single period not to exceed 12 months employment as required by Section 61.9953 or 61.9954; or
- (5) satisfaction of the provisions of any other exception adopted by THECB for purposes of this section.

Sec. 61.9956. AWARD. (a) Provides that an eligible person is entitled to receive an annual amount of loan repayment assistance payments under this subchapter payable to the holders of the eligible person's eligible loans for each year of eligibility approved by the board under Section 61.9953 or 61.9954 in an amount equal to 25 percent of the total amount stated in the person's agreement under Section 61.9953(b)(2) and any interest that accrues on that amount during that year, subject to the amount of available funding and other relevant considerations.

(b) Requires THECB, notwithstanding Subsection (a), if at the time an eligible person initially enters an agreement with THECB under this subchapter the payoff period for the person's total outstanding balance of eligible loans is less than four years, to make payments under this subchapter to the eligible holders of the person's eligible loans in the amounts of the payments and accrued interest as those payments become due.

(c) Prohibits the total amount of loan repayment assistance paid by THECB under this subchapter from exceeding the total amount of money available in the fund under Section 61.9959 and any other money that THECB is legally authorized to use for purposes of this subchapter.

(d) Provides that if in any year the amount of money available for loan repayment assistance under this subchapter is insufficient to provide loan repayment assistance to cover all the payments for the year for all eligible loans of all eligible persons:

(1) THECB is required to establish criteria to determine the amount of eligible money to allocate to the holders of student loans of eligible persons as THECB determines appropriate to further the purpose of this subchapter; and

(2) an eligible person whose annual loan repayment assistance allocation under Subdivision (1) is less than the amount necessary to cover the amount of principal and interest due on the person's eligible loans for that year is responsible for the payment of the remainder of the amount due and for otherwise preventing a default on the loan.

Sec. 61.9957. ELIGIBLE LOANS. (a) Authorizes THECB to provide loan repayment assistance under this subchapter for the repayment of any student loan that is for education at a postsecondary educational institution and that is received by an eligible person through an eligible lender.

(b) Requires the promissory note or other loan agreement document governing the terms of the loan, if the loan is not a state or federal guaranteed student loan, to

require all the loan proceeds to be used for expenses incurred by a person in attending a postsecondary educational institution.

(c) Prohibits THECB from providing loan repayment assistance under this subchapter for an eligible loan that is in default on the date the person's application for loan repayment assistance is submitted under Section 61.9953 or 61.9954.

Sec. 61.9958. PAYMENT OF LOAN REPAYMENT ASSISTANCE. (a) Requires THECB to pay any loan repayment assistance under this subchapter in a lump sum delivered on the eligible person's behalf directly to the holder of the loan.

(b) Authorizes the loan repayment assistance provided under this subchapter to be applied to any amount due on the loan.

(c) Requires THECB, each state fiscal biennium, to attempt to allocate all money available to THECB for the purpose of providing loan repayment assistance under this subchapter.

Sec. 61.9959. PEACE OFFICER LOAN REPAYMENT ASSISTANCE PROGRAM INVESTMENT FUND. (a) Defines "fund" as the peace officer loan repayment assistance program investment fund.

(b) Provides that the fund is a dedicated account in the general revenue fund and consists of gifts, grants, and other donations received from any public or private source for the fund, and of interest and other earnings from the investment of the fund.

(c) Authorizes the fund to be used only to provide loan repayment assistance for the repayment of loans eligible under Section 61.9957, including any related administrative costs.

(d) Provides that the fund is exempt from the application of Sections 403.095 (Use of Dedicated Revenue) and 404.071 (Disposition of Interest on Investments), Government Code.

(e) Authorizes THECB to accept grants, gifts, and other donations from any public or private source for the purposes of this subchapter. Requires all money received under this subchapter to be deposited in the fund.

Sec. 61.9960. RULES. Requires THECB to adopt rules necessary for the administration of this subchapter, including rules providing for the manner in which a person is authorized to apply for loan repayment assistance and for a method of awarding loan repayment assistance under this subchapter that gives first priority to applicants who are renewing their applications for loan repayment assistance provided under this subchapter.

SECTION 2. Requires THECB to adopt rules for the peace officer loan repayment assistance program under Subchapter NN, Chapter 61 (Texas Higher Education Coordinating Board), Education Code, as added by this Act, not later than December 1, 2019.

SECTION 3. Effective date: September 1, 2019.