

SUBJECT: Prohibiting renewal of professional licenses due to student loan default

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 8 ayes — Zerwas, Howard, Alonzo, Crownover, Martinez, Morrison,
Raney, C. Turner

0 nays

1 absent — Clardy

WITNESSES: For — None

Against — None

On — Ken Martin, Texas Higher Education Coordinating Board;
(*Registered, but did not testify*: Cheryl Bellesen, Office of the Attorney
General)

BACKGROUND: Education Code, ch. 52 authorizes the Texas Higher Education
Coordinating Board to administer student loan programs as permitted by
the Texas Constitution. The coordinating board is empowered to develop
and publish rules and regulations related to administering these student
loans, including situations in which a student loan borrower defaults on a
student loan.

Government Code, sec. 82.022(c) allows the Supreme Court of Texas to
develop rules on the nonrenewal of law licenses if an attorney has
defaulted on certain student loans.

DIGEST: HB 2624 would prohibit state licensing agencies from renewing the
professional or occupational license of an individual who had defaulted on
a student loan administered by the coordinating board unless certain
conditions were met.

Under the bill, certain state licensing agencies and the coordinating board

would cross-reference a list of licensees with a list of individuals who had defaulted on loans administered by the coordinating board. Those who were on the default list would not be able to renew their license unless they provided the licensing agency with a certificate issued by the coordinating board stating that they had either entered into a repayment agreement with the coordinating board or that they were not in default on a loan administered by the coordinating board.

If a borrower subsequently defaulted on a repayment program agreement with the coordinating board, the licensing agency would again be prohibited from renewing the borrower's license until the coordinating board certified that another repayment agreement had been entered into, or that the borrower was not in default.

The bill would require licensing agencies to provide written notice of these policies to each license applicant or renewing licensee. The coordinating board would be required to provide written notice of these licensing provisions on loan applications and promissory notes. In addition, licensing agencies would be required to provide borrowers a hearing before the agency could take action concerning the nonrenewal of an applicable license.

The Supreme Court of Texas could adopt rules under the bill to prohibit the renewal of law licenses for attorneys who defaulted on student loans administered by the coordinating board.

The coordinating board and licensing agencies would be required to develop any rules necessary for implementing their respective duties under the bill as soon as practicable. Licensing agencies would be required to consult with the coordinating board in developing necessary rules.

The bill would take effect September 1, 2015.