

- SUBJECT:** Removing student loan default as grounds for certain disciplinary action
- COMMITTEE:** Higher Education — favorable, without amendment
- VOTE:** 10 ayes — C. Turner, Stucky, Button, Frullo, Howard, Pacheco, Schaefer, Smithee, Walle, Wilson
- 0 nays
- 1 absent — E. Johnson
- SENATE VOTE:** On final passage, April 16 — 29-2 (Schwertner, Seliger)
- WITNESSES:** *On House companion bill, HB 218:*
For — Ashley Williams, Center for Public Policy Priorities; Fedora Galasso, Young Invincibles; (*Registered, but did not testify:* Traci Berry, Goodwill Central Texas; Will Francis, National Association of Social Workers-Texas Chapter; Carrie Simmons, Opportunity Solutions Project; Dwight Harris, Texas American Federation of Teachers; Mike Meroney, Texas Association of Manufacturers; Mia McCord, Texas Conservative Coalition; Shannon Noble, Texas Counseling Association; Kate Hendrix, Texas Hospital Association; Lori Henning, Texas Association of Goodwills; Ashley Harris, United Ways of Texas; Michael Openshaw)
- Against — None
- On — Ken Martin, Texas Higher Education Coordinating Board; John Fleming, Texas Mortgage Bankers Association
- BACKGROUND:** Occupations Code ch. 56 permits certain licensing authorities to deny a person's application for a license, suspend the person's license, or take other disciplinary action on receipt of information from an administering entity that a person has defaulted on a student loan or has breached a student loan repayment contract or scholarship contract.
- DIGEST:** SB 37 would prohibit a licensing authority from taking disciplinary action

against a person based solely on the person's default on a student loan from a public or private entity or breach of a student loan repayment contract or scholarship contract, including by denying the person's application for a license or renewal or by suspending the person's license.

The bill would expand the definition of "licensing authority" to include an agency of a political subdivision of the state. It would expand the definitions of "scholarship contract" and "student loan repayment contract" to include an agreement or loan made with a political subdivision of the state.

SB 37 would repeal Education Code provisions requiring the Texas Guaranteed Student Loan Corporation to notify a state licensing agency of licensees who were in default on loans guaranteed by the corporation. The bill would repeal provisions authorizing the Texas Supreme Court to adopt rules relating to the nonrenewal of a license of a lawyer or court reporter who is in default on a loan guaranteed by the Texas Guaranteed Student Loan Corporation.

The bill would specify that the savings and mortgage lending commissioner could not deny a mortgage loan originator license on the basis of the person's default on a student loan. It would specify that a determination that an individual applying for a residential mortgage loan originator license has not shown financial responsibility could not be based on the individual's default on a student loan.

SB 37 would remove a requirement that the director of the lottery division of the Texas Lottery Commission deny, suspend, or revoke a lottery sales agent license for an applicant or sales agent determined to be in default on a loan administered by the Texas Higher Education Coordinating Board or the Texas Guaranteed Student Loan Corporation.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019. A disciplinary action proceeding that was initiated before the effective date of the bill would be terminated on the

effective date.

**SUPPORTERS
SAY:**

SB 37 would provide financial security for Texans with educational debt who rely on income from licensed occupations. Currently, many professionals that perform valuable services to the public, such as nurses, teachers, and pharmacists, are at risk of losing their licenses in the event that they can no longer pay their student debt. The bill would prohibit the revocation or denial of a license on such a basis, enabling those struggling financially to remain in their chosen profession. Ensuring occupational stability for a licensed professional would allow debts to be repaid in a timely manner and would protect the person's educational investment.

Many other practices can be used to ensure student debt is paid, such as wage garnishment or tax refund withholding. These practices should be pursued instead of license denial.

**OPPONENTS
SAY:**

SB 37 would remove a powerful and effective incentive for licensed professionals to remain current on loan payments. Many student loans are guaranteed by the state or federal government, so incentivizing repayment saves the state money.