

## **BILL ANALYSIS**

Senate Research Center

S.B. 1799  
By: West  
Higher Education  
6/26/2017  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The student loan default prevention and financial aid literacy pilot program (pilot) was enacted through passage of S.B. 680, 83rd Legislature, Regular Session, 2013. The pilot included no state appropriations. Texas Guaranteed Student Loan (TG), through a memorandum of understanding with the Texas Higher Education Coordinating Board, agreed to implement the pilot at its own expense, and, in 2015, successfully sought permission from the United States Department of Education (DOE) to utilize federal funds under its management to expand the S.B. 680 pilot into a larger, more robust program.

This new federal program targets funds, programs, and services to the most at-risk colleges and universities in Texas—its minority-serving institutions (MSIs). This program pairs TG with participating MSIs to help the schools identify student risk factors affecting graduation, retention, and cohort default rates. Together, TG and MSIs develop proactive strategies, which includes financial assistance to students, to minimize risk through collective best practices. Participating schools do not pay for services provided by TG, but the schools are required to assign staff to work with the program. The program, launched in December 2016, includes public and private two-year and four-year institutions. The program is expected to include approximately 30 MSIs in Texas phased into the program over three years. In conjunction with DOE, TG works collaboratively with institutions to provide students, faculty, staff, and campus/district leaders with resources, support, and information to address student retention, degree completion, and cohort default rates at their institution. Additionally, TG works to provide resources to students as they navigate the complex process of higher education financing. Through this program, TG provides institutions with uniquely tailored student support efforts that include online, group, and one-on-one interventions. This service framework includes all of the services that are currently available under S.B. 680. The mission of the program is to assist MSIs in their efforts to enroll and graduate underrepresented students across the country. TG provides institutions with holistic support throughout the student lifecycle to address systemic issues related to retention, graduation, and student loan default. TG assists institutions to identify and remove barriers to success during pre-college, in-college, and post-college student touch points. Annual reports required to be submitted to DOE, and any applicable end-of-program reports that are presented to DOE, will also be submitted to the same state officers (governor, lieutenant governor, and speaker of the house of representatives) required under current law. S.B. 1799 also makes a technical amendment to Chapter 57, Education Code, that designates TG as the administrator of this new federal student loan default prevention program. (Original Author's / Sponsor's Statement of Intent)

S.B. 1799 amends current law relating to the student loan default prevention and financial aid literacy pilot program.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Higher Education Coordinating Board is rescinded in SECTION 3 (Section 61.0763, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 61.0763(a), (b), (c), and (d), Education Code, as follows:

(a) Deletes existing text defining “career school or college” and redesignates existing Subsection (b) as Subsection (a). Requires that a pilot program (pilot), not later than January 1, 2014, be established at selected postsecondary educational institutions (PEIs) to ensure that PEI students are informed consumers with regard to all aspects of student financial aid, including certain factors. Deletes existing text requiring the Texas Higher Education Coordinating Board (THECB), not later than January 1, 2014, to establish and administer a pilot at selected PEIs to ensure that PEI students are informed consumers with regard to all aspects of financial aid, including certain factors.

(b) Redesignates existing Subsection (c) as Subsection (b). Requires that at least one PEI from certain categories of PEIs be selected to participate in the pilot, rather than requires THECB to select at least one PEI from certain categories of PEIs, including career schools or colleges, to participate in the pilot. Makes nonsubstantive changes.

(c) Redesignates existing Subsection (d) as Subsection (c). Requires that priority, in selecting PEIs to participate in the pilot, be given to PEIs that are recognized by the United States Department of Education (DOE) as minority-serving PEI’s, including minority PEIs under Section 1067k of the Higher Education Act of 1965 (20 U.S.C. Section 1001 et seq.). Deletes existing text requiring THECB, in selecting PEIs to participate in the pilot, to give priority to PEI’s that have a three-year cohort student loan default rate, as reported by DOE, of more than 20 percent or that has above average growth as compared to the rates of other PEIs in this state.

SECTION 2. Amends Section 57.011, Education Code, by adding Subsection (f), as follows:

(f) Requires the Texas Guaranteed Student Loan Corporation (TG), in accordance with an agreement with THECB, to administer the pilot established under Section 61.0763 (Student Loan Default Prevention and Financial Aid Literacy Pilot Program). Requires TG to submit to the governor, the lieutenant governor, and the speaker of the house of representatives any annual report or end-of-program report TG submits to DOE in administering the pilot. Provides that this subsection expires December 31, 2019.

SECTION 3. Repealers: Sections 61.0763(e) (relating to requiring THECB to adopt certain rules for the administration of the pilot), (f) (relating to authorizing THECB to contract with certain entities to administer the pilot according to certain criteria), and (g) (relating to certain requirements to be fulfilled by THECB and each participating PEI not later than a certain date and beginning in 2016), Education Code.

SECTION 4. Effective date: upon passage or September 1, 2017.