

By: Villarreal

H.B. No. 3940

A BILL TO BE ENTITLED

AN ACT

relating to student loan repayment assistance for certain state employees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 61, Education Code, is amended by adding Subchapter FF to read as follows:

SUBCHAPTER FF. STATE EMPLOYEE LOAN REPAYMENT ASSISTANCE PROGRAM

Sec. 61.9781. REPAYMENT AUTHORIZED. The board shall establish a program to provide, using funds appropriated for that purpose and in accordance with this subchapter and rules of the board, assistance in the repayment of student loans for full-time state employees who apply and qualify for the assistance.

Sec. 61.9782. ELIGIBILITY. To be eligible to receive repayment assistance, a person:

(1) must apply for the assistance in the manner prescribed by the board;

(2) must be currently employed full-time by this state or an agency of this state;

(3) must enter into a written agreement with the board under which the person:

(A) agrees to a continuous five-year state employment obligation; and

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

1 (4) may not be receiving loan repayment assistance
2 from any other source; and

3 (5) must comply with any other requirements adopted by
4 board rule under this subchapter.

5 Sec. 61.9783. EXCEPTION TO CONSECUTIVE YEARS OF EMPLOYMENT
6 REQUIREMENT. The board shall excuse an otherwise eligible person
7 from the requirement imposed by Section 61.9782(3)(A) that the
8 employment be performed in consecutive years if the break in
9 employment is a result of the person's:

10 (1) service on active duty as a member of the armed
11 forces of the United States;

12 (2) temporary total disability for a period of not
13 more than 36 months as established by the affidavit of a qualified
14 physician;

15 (3) inability to maintain the person's full-time
16 employment for a period not to exceed 12 months because the person
17 is caring for the person's disabled spouse or child; or

18 (4) satisfaction of the provisions of any other
19 exception adopted by the board for purposes of this section.

20 Sec. 61.9784. ELIGIBLE LOANS. (a) The board may provide
21 repayment assistance for the repayment of any student loan for
22 education at an institution of higher education or a private or
23 independent institution of higher education in this state,
24 including loans for undergraduate education, received by an
25 eligible person through any lender.

26 (b) The board may not provide repayment assistance for a
27 student loan that is in default at the time of the person's

1 application.

2 (c) In each state fiscal biennium, the board shall attempt
3 to use for loan repayment assistance under this subchapter all
4 funds appropriated to the board for that purpose.

5 Sec. 61.9785. REPAYMENT. (a) For the first year of state
6 employment for which a person is eligible to receive repayment
7 assistance under this subchapter and each following consecutive
8 year of state employment, as described by Section 61.9782(3)(A),
9 not to exceed a total of five years, the board shall provide
10 assistance for the repayment of a portion of an eligible person's
11 eligible loans. The board shall reduce the amount of a single
12 assistance payment or refrain from making an assistance payment to
13 an eligible person as necessary to avoid making total payments
14 under this section to the person in an amount greater than the total
15 amount of principal and interest due on the person's eligible
16 loans.

17 (b) The board shall deliver any repayment under this
18 subchapter in a lump sum:

19 (1) payable to both the state employee and the lender
20 or other holder of the affected loan; or

21 (2) delivered on the state employee's behalf directly
22 to the lender or other holder of the loan.

23 (c) A repayment under this subchapter may be applied to any
24 amount due in connection with the loan.

25 Sec. 61.9786. AMOUNT OF REPAYMENT ASSISTANCE. The total
26 amount of repayment assistance distributed by the board under this
27 subchapter may not exceed the total amount of gifts and grants

1 accepted by the board for repayment assistance, legislative
2 appropriations for repayment assistance, and other funds available
3 to the board for purposes of this subchapter.

4 Sec. 61.9787. RULES. (a) The board shall adopt rules
5 necessary to administer this subchapter.

6 (b) The board shall distribute to each state agency copies
7 of the rules adopted under this section and other pertinent
8 information relating to this subchapter.

9 Sec. 61.9788. SOLICITATION AND ACCEPTANCE OF FUNDS. The
10 board may solicit and accept gifts and grants from any public or
11 private source for the purposes of this subchapter.

12 SECTION 2. The Texas Higher Education Coordinating Board
13 shall adopt the rules for repayment assistance under Subchapter FF,
14 Chapter 61, Education Code, as added by this Act, not later than
15 December 1, 2009.

16 SECTION 3. This Act takes effect immediately if it receives
17 a vote of two-thirds of all the members elected to each house, as
18 provided by Section 39, Article III, Texas Constitution. If this
19 Act does not receive the vote necessary for immediate effect, this
20 Act takes effect September 1, 2009.