

BILL ANALYSIS

Senate Research Center
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H.B. 2766
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Education
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Engrossed

DIGEST AND PURPOSE

Currently, the Texas Higher Education Coordinating Board (board) oversees several different student loan repayment assistance programs. However, the board, with very few exceptions, does not provide repayment assistance to attorneys who choose to work for the office of the attorney general (OAG). A law student may incur high education loan debt, and as a result may feel compelled not to consider working for the OAG but to accept higher paying private sector employment to pay off his or her debt. In addition, there is concern that the turnover rate is high for attorneys who initially work for the OAG. H.B. 2766 authorizes the board to provide assistance in the repayment of education loans for attorneys who work for the OAG.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 61.959, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER X. REPAYMENT OF CERTAIN EDUCATION LOANS OWED BY CERTAIN STATE ATTORNEYS

Sec. 61.951. **REPAYMENT ASSISTANCE AUTHORIZED.** (a) Authorizes the Texas Higher Education Coordinating Board (board) to provide, using funds appropriated for that purpose and in accordance with this subchapter and board rules, assistance in the repayment of education loans for attorneys who apply and qualify for the assistance.

(b) Provides that the provision of financial assistance in the repayment of education loans under this subchapter promotes a public purpose.

Sec. 61.952. **ELIGIBILITY.** Requires that to be eligible to receive repayment assistance, an attorney meet certain requirements.

Sec. 61.953. **AGREEMENT; TERMS.** (a) Requires that to qualify for repayment assistance under this subchapter, an attorney enter into a written agreement with the board as provided by this subchapter. Requires the agreement to specify the conditions the attorney is required to satisfy to receive the repayment assistance.

(b) Requires that to be eligible to receive the repayment assistance, an attorney agree to serve at least three years as an attorney with the office of the attorney general.

(c) Authorizes only service as an attorney with the office of the attorney general after the date the attorney enters into the agreement to be used to satisfy the service requirement under the agreement.

(d) Requires the attorney to complete the service obligation during the three years following the date of the agreement unless the board grants the attorney additional time to begin fulfilling the service obligation. Requires the board to grant the attorney additional time to complete the service obligation for good cause.

(e) Requires the board to cancel an attorney's service obligation if the board determines that the attorney has become permanently disabled so that the attorney is not able to serve as an attorney with the office of the attorney general or has died.

(f) Requires the board to require an attorney who receives the repayment assistance to sign an agreement in the nature of a contract under which the attorney agrees to perform the required years of service. Provides that if the attorney does not fulfill the terms of the agreement, all repayment assistance paid under this subchapter on behalf of the attorney becomes a loan and is required to be repaid. Requires the agreement to include a promissory note acknowledging the conditional nature of the repayment assistance and promising to repay the amount of the loan repayment, applicable interest, and reasonable collection costs if the attorney does not satisfy the applicable conditions. Requires the board to determine the terms of the promissory note.

Sec. 61.954. **LIMITATIONS.** (a) Authorizes the attorney, for each year that an attorney serves as an attorney with the office of the attorney general under an agreement under Section 61.953, to receive repayment assistance under this subchapter in an amount not to exceed \$6,000.

(b) Prohibits an attorney from receiving repayment assistance under this subchapter for more than three years.

Sec. 61.955. **ELIGIBLE LOANS.** (a) Authorizes the board to provide repayment assistance for the repayment of any education loan received by the attorney through any lender, other than a private individual, for certain purposes.

(b) Prohibits the board from providing repayment assistance for an education loan that is in default at the time of the attorney's application.

(c) Requires each state fiscal biennium the board to attempt to allocate all funds appropriated for the purpose of providing repayment assistance under this subchapter.

Sec. 61.956. **REPAYMENT.** (a) Requires the board to deliver any repayment assistance made under this subchapter in a lump sum payable to the lender and the attorney and in accordance with any applicable federal law.

(b) Authorizes assistance received under this subchapter to be applied to the principal amount of the loan and to interest that accrues.

Sec. 61.957. **ASSISTANCE AVAILABLE TO BOARD.** Authorizes the board to carry out certain duties.

Sec. 61.958. **ACCEPTANCE OF FUNDS.** Authorizes the board to solicit and accept gifts, grants, and donations for the purposes of this subchapter.

Sec. 61.959. **RULES.** (a) Requires the board to adopt rules necessary for the administration of this subchapter.

(b) Requires the board to distribute a copy of the rules adopted under this section and pertinent information in this subchapter to certain entities.

Sec. 61.960. TOTAL AMOUNT OF REPAYMENT ASSISTANCE. Prohibits the total amount of repayment assistance distributed by the board under this subchapter from exceeding the total amount of gifts, grants, and donations accepted by the board for repayment assistance, tuition set aside under Section 61.961, and legislative appropriations for repayment assistance.

Sec. 61.961. LAW SCHOOL TUITION SET ASIDE FOR CERTAIN LOAN REPAYMENTS. (a) Requires the governing board of each public school of law in this state authorized by the board to award a degree that satisfies the law study requirements for licensure as an attorney in this state to set aside one percent of tuition charges for resident students enrolled in the school of law.

(b) Requires the amount set aside to be transferred to the comptroller to be maintained in the state treasury for the sole purpose of repayment of education loans of attorneys under this subchapter. Provides that Section 403.095(b), Government Code, does not apply to the amount set aside under this section.

SECTION 2. Requires the Texas Higher Education Coordinating Board to adopt the rules for the repayment assistance program under Chapter 61X, Education Code, as added by this Act, not later than December 1, 2001.

SECTION 3. Requires the Texas Higher Education Coordinating Board to submit a report to the legislature regarding the board's activities under Chapter 61X, Education Code, as added by this Act, not later than December 1, 2004.

SECTION 4. Effective date: September 1, 2001.