

SUBJECT: Amending the Hinson Hazelwood Student Loan Program

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 8 ayes — Lozano, Raney, Alonzo, Alvarado, Button, Howard, Morrison, Turner

0 nays

1 absent — Clardy

SENATE VOTE: On final passage, April 26 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Ken Martin, Texas Higher Education Coordinating Board)

BACKGROUND: Education Code, ch. 52 allows the Texas Higher Education Coordinating Board to administer the Hinson Hazelwood Student Loan Program. The board sells certain bonds to fund loans through the Texas Opportunity Plan Fund.

Sec. 52.89 governs the Student Loan Auxiliary Fund, which consists of the proceeds of the sale of bonds deposited by the board, gifts, grants, and other authorized deposits. The board, by resolution, may provide terms of the administration of the Student Loan Auxiliary Fund.

Observers have suggested that the statute governing the Hinson Hazelwood Student Loan Program could be clarified to better reflect the current operation of the program.

DIGEST: SB 2048 would require the Texas Higher Education Coordinating Board (THECB) to place the proceeds received from the sale of bonds in the

Student Loan Auxiliary Fund. The bill would specify that THECB could authorize student loans from the Student Loan Auxiliary Fund as well as the Texas Opportunity Plan Fund. The board would no longer place bond revenues, gifts, grants, or donations in the Texas Opportunity Plan Fund.

The bill would repeal the authority of THECB to issue a student loan under the federal Family Education Loan Program to a borrower under a student loan program administered by the board. THECB could service outstanding student loans issued by the board under the federal Family Education Loan Program authorized under the federal Higher Education Act of 1965.

The bill also would specify that THECB was required to distribute money to a participating institution through the current statewide accounting system.

The bill would remove language relating to certain loan program operations, as well as language establishing a procedure to issue bonds in paper form.

The bill would take effect September 1, 2017.