

BILL ANALYSIS

Senate Research Center

S.B. 1799
By: West
Higher Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill creates language designed to increase the Texas Higher Education Coordinating Board's authority to access state bonding capacity for purposes of offering loans under the Hinson-Hazelwood Loan Program (loan program). This bill increases THECB's annual cap under the state general obligation ceiling from \$125 million to \$350 million.

Access to low-interest student loans is critical for students attending universities and colleges in Texas. For more than 45 years, THECB has used general obligation bonding authority approved by the voters to offer very low-interest student loans to Texas students. The loan program has never required state general revenue funds for repayment of its bonds. The current rate offered by the loan program's College Access Loan program is six percent.

THECB administers the loan program, which was adopted in 1965 and uses general obligation bonds to finance low-interest loans to eligible students seeking an undergraduate, graduate, or professional education at public and private institutions of higher education in Texas. The loan program is intended for students with insufficient resources to finance a college education.

Currently, the Texas Constitution caps (in aggregate) the amount of general obligation bond authority available to THECB for the loan program. Every four to six years, THECB must seek a constitutional amendment to effectively reset the available bonding capacity to meet ongoing student loan demand. Additionally, current statute limits THECB's ability to issue authorized general obligation bonding to \$125 million each fiscal year. Together, these limitations create barriers for meeting demand for low-interest loans to help students attend college.

As proposed, S.B. 1799 amends current law relating to the student loan program administered by the Texas Higher Education Coordinating Board and authorizes the issuance of bonds.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 52, Education Code, as follows:

Sec. 52.01. ADMINISTRATION. Requires the Texas Higher Education Coordinating Board (THECB), or its successors, to administer the student loan program authorized by this chapter pursuant to Sections 50b-4 (Additional Student Loans), 50b-5 (Additional Student Loans), 50b-6 (Additional Student Loans), and 50b-7, Article III (Legislative Department), Texas Constitution, and any former provision of the Texas Constitution authorizing bonds to finance educational loans to students. Requires that personnel and other expenses required to properly administer this chapter be funded by certain sources.

Sec. 52.501. DEFINITIONS. Redefines "bond" in this chapter.

Sec. 52.81. DEFINITIONS. Redefines "bond" in this subchapter.

Sec. 52.82. ISSUANCE; SALE. (a) Authorizes THECB by resolution to authorize the issuance of general obligation bonds in a principal amount of outstanding bonds that must at all times be equal to or less than the aggregate principal amount of bonds authorized under Section 50b-7, Article III, Texas Constitution, rather than in a total aggregate amounts not to exceed \$300 million under former Section 50b-3, Article III, Texas Constitution, \$300 million under Section 50b-4, Article III, Texas Constitution, \$400 million under Section 50b-5, Article III, Texas Constitution, and \$500 million under Section 50b-6, Article III, Texas Constitution.

(b) Makes no changes to this subsection.

(c) Makes no changes to this subsection.

(d) Prohibits the total amount of bonds issued by the board in a state fiscal year from exceeding \$350 million, rather than \$125 million.

Sec. 52.87. MANDAMUS. Provides that the performance of official duties prescribed by this subchapter and by former Section 50b-3 and Sections 50b-4, 50b-5, 50b-6, and 50b-7, rather than Sections 50b-4, 50b-5, and 50b-6, Article III, Texas Constitution, in reference to the payment of the bonds, may be enforced in a court of competent jurisdiction by mandamus or other appropriate proceedings.

SECTION 2. Effective date: the date on which the constitutional amendment proposed by the 82nd Legislature, Regular Session, 2011, providing for the issuance general obligation bonds to finance educational loans to students and authorizing bond enhancement agreements with respect to general obligation bonds issued for that purpose takes effect.