

SUBJECT: Expanding bonding authority for the college access loan program

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 10 ayes — C. Turner, Stucky, Button, Frullo, Howard, E. Johnson, Pacheco, Smithee, Walle, Wilson

1 nay — Schaefer

WITNESSES: For — (*Registered, but did not testify*: Dan Shelley, Brazos Higher Education Authority; Jay Propes, North Texas Higher Education Authority; Justin Yancy, Texas Business Leadership Council; Monty Wynn, Texas Municipal League)

Against — None

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

BACKGROUND: Government Code ch. 1372 grants the Bond Review Board the authority to approve the issuance of certain tax-exempt state bonds. Sec. 1372.037 places limitations on the amount of money that can be allocated to a single project based on what entity issues the bond.

DIGEST: HB 2968 would increase the per-project bonding authority for the Texas Higher Education Coordinating Board (THECB) from \$75 million to \$200 million for a state-voted issue of bonds. For other entities, the limit would increase from \$50 million to \$100 million.

The bill would raise the percentage of the state debt ceiling available for state-voted issues from 8 percent to 10 percent if state-voted issue requests totaled more than a certain percentage before January 2.

HB 2968 would extend the deadline by which an issuer of state-voted issues or qualified mortgage revenue bonds would be required to close on the bonds from no later than 180 days after the reservation date to no later

than 240 days after the reservation date.

The bill would take effect September 1, 2019.

**SUPPORTERS
SAY:**

HB 2968 would enable the Texas Higher Education Coordinating Board to meet the surging demand on its college access loan program by increasing the amount of tax-exempt bond funding available to the board in statute. Maintaining the widespread availability of the program is critical to ensure student financial need is met.

As requests for bonding authority increase with each year, the risk of not obtaining adequate funds for the college access program increases. HB 2968 would allow the board to issue a larger bond in a more timely manner, saving the board millions of dollars in interest payments. Under current statute, the board has 180 days to close on the bonds which must be reserved by August, requiring the board to sell the bonds in late January, several months before the majority of students need them. HB 2968 would extend that deadline to June or July and would save the state money in additional interest each year that accrues between issuance and loan applications.

**OPPONENTS
SAY:**

HB 2968 could make student loans easier to obtain, contributing to the rising cost of higher education and the ballooning student loan debt crisis.