

THECB announces rate reduction for student loan program in time for the 2011-2012 academic year

May 21, 2011 – Austin, Texas –Today, the Texas Higher Education Coordinating Board (THECB) announced a reduction of the interest rate for the state-sponsored College Access Loan (CAL) program. Beginning this fall, all new CAL loans will carry a fixed annual interest-rate of 5.25%, down from the current level of 6.0%.

“I am very pleased to announce this rate reduction designed to help students save more money over the course of paying off their CAL loans,” said Commissioner of Higher Education Raymund Paredes. “At a time when state and federal resources for financial aid are diminished, it was imperative for the Board to step forward and offer lower-cost access to capital to help pay for college.”

The CAL program is one component of the Hinson Hazlewood College Student Loan Program, authorized in 1965 by the Texas Legislature. The program is financed by general obligation bonds approved by Texas voters and is managed by the THECB. In addition to funding all bond debt requirements, student loan repayments fund all costs associated with operating the program. Over its 47-year history, the program has never relied on taxpayer funds for support. Additionally, the bonds sold to finance the program do not count against the state debt cap.

“The CAL loan program is an unmatched value to Texas taxpayers and students,” explained Commissioner Paredes. “Not only is the program cost-neutral to the state, the Board has emphasized very conservative management principles designed to keep rates for borrowers at the lowest possible levels.”

Below is an example cost comparison of the CAL loan rates with the federal Parent PLUS loan rate:

	Parent PLUS Loan	College Access Loan (Current)	College Access Loan (New)
Loan Amount	\$20,000	\$20,000	\$20,000
Annual Interest Rate	7.90%	6.00%	5.25%
Loan Period in Years	20	20	20
Interest (Life of Loan)	\$19,850	\$14,390	\$12,340
Interest Savings	n/a	\$5,460	\$7,510

For more information about the College Access Loan program, visit:
<http://www.hhloans.com>

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