



## Texas Higher Education Coordinating Board

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### **Proposition 3 on the November ballot asks Texas voters to expand access to state student loan program**

**October 4, 2011 – Austin, Texas** – On November 8, Texas voters will consider a series of state constitutional amendments adopted by the Texas Legislature in May. Proposition 3 seeks voter authorization for the Texas Higher Education Coordinating Board (THECB) to issue general obligation bonds for the purpose of funding student loans. If approved, the ballot measure would expand program capacity and extend loans to more students.

For more than forty years, the THECB has provided low, fixed-interest student loans to bridge the cost gap for students attending public and private institutions in Texas. Known today as the College Access Loan (CAL) program, this state-administered program has served more than 340,000 students with \$2 billion in student loans. Proposition 3 will renew the THECB's authority to utilize state general obligation bonds to fund the program. Because the bonds are repaid via student payments on their outstanding loans, the THECB bonds do not count toward the state debt and do not require tax dollars to repay or administer.

"The College Access Loan program is a true bargain for Texas taxpayers," said THECB Chairman Fred W. Heldenfels IV. "A long, steady history of fiscally conservative management principles has allowed Texas to support the college aspirations for generations of Texans without impacting the state budget."

The request of voters to renew and expand the CAL program comes at a time when more students than ever rely on loans to help bridge the college cost gap. In the 2009-10 academic year, student loans made up 52% of the total financial aid used by students—totaling more than \$4.3 billion. Texas is one of only a few states to offer a loan program and the current fixed-rate interest for CAL loans is 5.25% over the life of the loan, one of the lowest rates available on the market.

"Recent data show that Texas students use student loans more than national peers to help pay for college," explained Higher Education Commissioner Raymund Paredes. "At a time when both state and family resources are strained, access to very low, fixed-interest loans is critical to help students attend college."

The CAL program is available to all Texas residents who enroll at least half-time at a Texas college or university. The program offers:

- A 6-month grace period before repayment begins, with income sensitive and graduated repayment schedules available;
- Interest that is never capitalized which reduces the total cost of the loan over its lifetime;

- Customer service by the state under direct oversight of the Texas Legislature and citizens of Texas; and
- Loans that are never sold or transferred to another lender.

In 2010, the average loan amount awarded to students was \$8,300.

Proposition 3 will be on the November 8 ballot. Early voting begins on October 24. The ballot language is as follows:

*"The constitutional amendment providing for the issuance of general obligation bonds of the State of Texas to finance educational loans to students."*

**College Access Loan Program:**

<http://www.hhloans.com>

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