

SCS SB 967 -- FEDERALLY GUARANTEED STUDENT LOANS

SPONSOR: Mayer (Kingery)

COMMITTEE ACTION: Voted "do pass" by the Committee on Higher Education by a vote of 8 to 0.

This substitute authorizes the Missouri Higher Education Loan Authority (MoHELA) to originate federally guaranteed student loans if Stafford loans for students attending schools in Missouri do not exceed 10% of the previous year's total volume of the state's Federal Family Education Loan Program.

The substitute contains an emergency clause.

FISCAL NOTE: No impact on state funds in FY 2009, FY 2010, and FY 2011.

PROPOSERS: Supporters say that a combination of more strict federal college loan laws and the mortgage crisis has influenced many banks to stop handling student loans. Missouri is one of only five states where the secondary loan authority cannot issue primary loans. A cap on the loan volume will keep MoHELA's focus on secondary loans.

Testifying for the bill were Senator Mayer; Ray Bayer, Missouri Higher Education Loan Authority; and Missouri Bankers Association.

OPPOSERS: There was no opposition voiced to the committee.