

COORDINATING BOARD

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SUPPLEMENTAL FUNDING ASSURES ALL CURRENT B-ON-TIME LOAN RECIPIENTS WILL RECEIVE RENEWAL FUNDS THIS FALL

AUSTIN, Texas, July 26, 2007 – Today, the Coordinating Board announced that all eligible students who have previously received funding under the B-On-Time Student Loan Program will receive awards for the 2007-08 academic year beginning in the fall. The Coordinating Board continues to project that funding for the program during the 2008-09 biennium will be sufficient to cover renewal loans, but will not provide for new loans.

Because of a technical issue in the way funds were allocated in the state budget, the amount available for the 2007-08 academic year was insufficient to fund the renewal of about 650 of the 10,600 eligible students. The Coordinating Board has identified non-state funds that can be used to cover the funding gap.

The Coordinating Board recently completed a change in computer systems within the student loan program that resulted in significant savings. “We always believed any savings realized from the conversion should go to the benefit of students,” explained Commissioner of Higher Education Raymund Paredes, “and covering all B-On-Time renewals certainly qualifies as beneficial to students.” The computer conversion savings coupled with a small amount of other loan program funds will ensure that all renewal students will receive loans this academic year, as well as next academic year, so long as they continue to meet eligibility requirements.

“When the Legislature approved the state budget, they intended that every student currently participating in the program should continue to receive this award for the next two years,” said Commissioner Paredes, “and we are pleased a way was found around a budgetary glitch to make sure this intent is carried out.”

The B-On-Time program provides forgivable loans to students who maintain a high academic standard and graduate within four calendar years. Loans convert to zero-interest loans if the student does not meet the forgivable loan requirements. Since 2003, the program has served approximately 25,000 students with over \$90 million in awards. The program was funded almost exclusively with revenue generated by tuition set-asides from institutions of higher education and proceeds generated from the student loan program administered by the Coordinating Board. Earlier this year, the 80th Texas Legislature appropriated approximately \$77 million for the next two years to continue to fund all students currently in the B-On-Time Loan program. This includes, for the first time, funding from the state’s general revenue fund to supplement tuition set-asides.

The 80th Texas Legislature increased funding for all financial aid programs, including TEXAS Grants, by 28% over the last biennium. For more information on state financial aid programs, including the B-On-Time program, visit www.collegefortexans.com

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