



REPRESENTATIVE ROBERTO R. ALONZO'S capitol report



For more information concerning these topics or to schedule an appointment please call (512) 463-0408 or visit www.house.state.tx.us

Tues, Nov. 8th Constitutional Amendments Election; 3rd in a 10-Part Series - Amendment 3 Examined Here in More Detail

Once again, State Rep. Alonzo encourages all voters to go to the polls on **November 8, 2011** to vote on the 10 proposed amendments to the Texas Constitution. As we indicated in last week's *Capitol Report*, during the next few weeks, we will be providing you with a more in depth overview of each them individually. In this week's report, we highlight Amendment 3 below. Next week's Report will highlight Amendments 4.

Amendment No. 3 (S.J.R. 50)

The constitutional amendment providing for the issuance of general obligation bonds of the state to finance educational loans to students.

Summary of Proposed Amendment. The proposed amendment would add Section 50b-7, Article III, Texas Constitution, which would empower the legislature by general law to authorize the Texas Higher Education Coordinating Board or its successor to issue and sell state general obligation bonds for the purpose of financing student loans in the manner provided by law as long as the principal amount of outstanding bonds issued is at all times equal to or less than the aggregate principal amount of state general obligation bonds previously authorized for that purpose by any other constitutional provision or former constitutional provision. The proposed amendment would require the bonds to be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by the coordinating board and would prohibit the maximum net effective interest rate to be borne by bonds so issued from exceeding the maximum rate provided by law. The proposed amendment also would authorize the legislature to provide for the investment of bond proceeds and to establish and provide for the investment of an interest and sinking fund to pay the bonds. Investment income would be required to be used for legislatively prescribed purposes. The proposed amendment would have the effect of continuing the existing Hinson-Hazelwood Student Loan Program, for which similar bonds have previously been authorized. Unlike the previous bond authorizations, the proposed amendment would not limit the total amount of bonds issued.

Summary of Comments Made About the Proposed Amendment. The following paragraphs are based on comments made about the amendment during the legislative process and generally summarize the main arguments supporting or opposing the amendment.

Comments by Supporters. Recent cuts in federal financial aid and the elimination of certain federal financial aid programs, together with expected reductions in available state grant programs, likely will increase the demand for student loans, and low-interest, fixed-rate loans, such as those offered under the Hinson-Hazelwood program, are the best alternative loans a student can get when federally subsidized or federally insured loans are insufficient or are not available. The program boasts relatively low default rates, interest rates competitive on a national level, and a long-standing record of success. Students issued loans under the program tend both to graduate and to repay money owed. In addition, existing law requires that the program be self-sustaining; regardless of the default rate, the program is obligated to pay back its debt service payments, which it does through student loan repayments funneled into a statutorily required interest and sinking fund. The state has never had to contribute any general revenue for bonds issued under the program, and even though the program is backed by the state's general obligation rating, it does not affect the constitutional debt limit due to its self-supporting nature.

[Continue Analysis on right column; "Comments by Opponents"
Amendment No. 3 (S.J.R. 50)]



**PREPARE FOR
LAW SCHOOL**



Rep. Alonzo Urges Potential Lawyers to Attend CLEO Program on Sat, Sept. 24 in Fort Worth At Texas Wesleyan University Law School

As a successful attorney and alumni of the Council on Legal Education Opportunity (CLEO) program, Rep. Alonzo urges all those interested in a legal career to attend an important seminar taking place on **Saturday, September 24, 2011, at Texas Wesleyan University in Fort Worth** as follows:

- **When:** Saturday, September 24, 2011 - 9:00 a.m.-5:00 p.m.
- **Where:** [Texas Wesleyan School of Law](#) Fort Worth, Texas. Click [here](#) for directions
- **How:** Click here - [CLEO College Scholars](#) to register online
- **Who:** All college students

"Founded over 4 decades ago as a non-profit project of the American Bar Association, the CLEO program is a tremendously successful, and life-learning educational experience that I highly recommend to anyone interested in joining the law profession. As an alumni of the program myself, the experience was instrumental in my decision to become an attorney and choosing the legal profession as my professional career. Most importantly, however, I think it is programs like CLEO that are helping us increase the diversity of minorities in the legal profession, particularly among Latinos and African-Americans, who are so underrepresented in this chosen field. I urge anyone interesting in becoming an attorney to take advantage of this rare opportunity and event coming to the DFW region on September 24 and then consider applying for the program," said Rep. Alonzo.

In 1968, the Council on Legal Education Opportunity (CLEO) was founded as a non-profit project of the ABA Fund for Justice and Education to expand opportunities for minority and low-income students to attend law school. In 1998, Congress passed the Higher Education Amendments Act, creating the Thurgood Marshall Legal Educational Opportunity Program, which they deemed be administered by CLEO.

CLEO is committed to diversifying the legal profession by expanding legal education opportunities to minority, low-income and disadvantaged groups. Since its inception, more than 8,000 students have participated in CLEO's pre-law and law school academic support programs, successfully matriculated through law school, passed the bar exam and joined the legal profession. CLEO alumni, many who had less than traditional academic indicators of success, yet were given an opportunity to attend law school, are represented in every area of society, including: private law firms and corporations, law schools, federal and state judiciaries, and legislatures across the country. The influence of CLEO alumni in the legal profession, in particular and throughout the country in general, is an indication of the important role CLEO has played in helping to provide a voice to underrepresented groups.

Amendment No. 3 (S.J.R. 50) [Continued from left column]

Comments by Opponents. No comments opposing the amendment were made during the house and senate committee hearings or during debate on the amendment in the house and senate chambers.

However, during the house committee hearing, certain members observed that while the benefits of the Hinson-Hazelwood program generally are unquestioned, national student loan debt presently exceeds national credit card debt, and also that certain media sources have identified student loans as a potential catalyst for a widespread financial predicament similar to that relating to subprime mortgage loans. Ideally, one member suggested, state support of students pursuing higher education would be in the form of grant aid, not loans.