

HCS HB 1968 -- HIGHER EDUCATION LOAN AUTHORITY

SPONSOR: Kingery (Zweifel)

COMMITTEE ACTION: Voted "do pass" by the Committee on Higher Education by a vote of 11 to 0.

This substitute requires the Missouri Higher Education Loan Authority (MoHELA) to retain an independent firm to conduct an analysis of legal and fiscal issues before it completes any sale, transfer, or liquidation of assets regarding the authority's resolution of January 31, 2006. The financial study must include an actuarial analysis and findings concerning the effect of the proposed sale on student loan interest rates. The legal analysis must cover the effects of the sale on the status and securitization of bonds, the impact on bond holders, and the legality of the use of the funds generated by sale.

FISCAL NOTE: No impact on state funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say that the proposed sale of MoHELA's assets needs more scrutiny by independent analysts, since it is not a transaction MoHELA ordinarily conducts. The legislature should assure that the sale of such a large portion of assets does not make for less favorable loan terms for current and future loan recipients.

Testifying for the bill were Representative Zweifel; Alan Purdy; and Missouri National Education Association.

OPPOSERS: There was no opposition voiced to the committee.

Becky DeNeve, Senior Legislative Analyst