

CS, Bryan join forces

Cities to insure loans

By ROBIN THOMPSON
Battalion Staff

Texas A&M students may soon be able to take advantage of the Federally Insured Student Loan program. A commitment to create a non-profit organization to insure student loans, first presented to the College Station City Council in March, was approved Thursday night. The approval came in the form of an unanimous vote to draft a joint resolution with the Bryan City Council to form the organization. A similar vote was taken by the Bryan City Council in October 1978 and passed. R.M. Logan, director of financial aid for Texas A&M University, said a Battalion story April 19 local banks have been unwilling to issue the loans because of government red tape.

The default rate for loans of this type is 20 percent nationwide and 13 percent statewide. But the creation of the organization may take these problems out of the hands of area banks.

Plans for design for the organization would be formulated by Hatcher and Co., a brokerage firm from Dallas.

If the loan corporation is formed, the board of directors of the organization will be appointed by a committee formed by the Bryan and College Station city councils.

The directors would then issue tax exempt revenue bonds. With the money earned from these bonds, they would buy 90-day-old loans, at the same time assuming responsibility for the handling and collection of them. If a student were to default on a

loan, it would be repaid by the government, according to the plan, with no risk to local banks.

Logan said the loans are designed to meet the needs of the student from a middle-income family.

The loans, Logan said, are for students whose parents are having a "helluva time" putting their kids through school.

Students from families living in the Bryan-College Station who attend school elsewhere would also be eligible for these loans.

The loans, which do not have to be paid back until after the student graduates, can be made for up to \$2500 for undergraduates and up to \$7500 for graduates.

Students can take up to 10 years after graduation to pay back the loan.



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Senate panel against tax, favors school building fund

United Press International
AUSTIN — The Senate Education Committee voted unanimously Wednesday in favor of abolishing the 10-cent state property tax, the proceeds of which finance state college and university building projects.

Members also approved, 6-2, a complex plan opposed by the schools that would eliminate the tax and constitutionally guarantee the schools a multimillion-dollar building fund.

The controversy involves how much money is needed by colleges for construction and whether the University of Texas and Texas A&M University should have increased bonding authority. Also involved is a possible federal court ruling on the constitutionality of the state's 10-cent ad valorem property tax.

The plan would give 22 state colleges and universities \$28.3 million for construction projects in 1980, and more in following years. It would also authorize the University of Texas and Texas A&M University systems to borrow and spend an extra \$110 million.

But it is less than school officials proposed and considerable controversy remains about how the funds would be allocated.

Sen. A.R. Schwartz, D-Galveston, urged the committee to approve the proposal as a vehicle to bring the controversy to the Senate floor for a vote.

"It's not what the colleges want

but we're at a critical time. We're running out of time," Schwartz said. "We've got less than 30 working days left in the legislative session."

The panel also voted unanimously for an alternative proposal to simply abolish the state property tax without providing for a special fund to provide building money for colleges and universities.

Schwartz said he believes federal courts are waiting to see what the Legislature will do before ruling un-

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constitutional the state's 10-cent ad valorem property tax on grounds that assessments are not uniform across the state.

The constitutional amendment backed by Schwartz and Sen. R.L. Vale, D-San Antonio, would give the Legislature control over how funds are allocated among the 22 colleges and universities that are not part of the University of Texas or Texas A&M systems.

Current provisions of the Texas Constitution allocate proceeds of the 10-cent ad valorem tax to a spe-

cial fund. The 22 colleges are authorized to issue bonds against future proceeds of that fund to finance construction projects.

Because the tax is under attack, however, there is considerable doubt the schools will ever see the \$48.7 million expected to be generated by 1981.

Critics say the tax fund has generated more building money than the colleges need.

The amount of money to be allocated for college construction projects under the Schwartz-Vale proposal would be set at 5.1 percent of the amount appropriated statewide to operate the institutions. But the Legislature could limit spending on building to less than that amount.

The constitutional amendment also would add nine components of UT and Texas A&M to the list of campuses eligible for building funds from the \$1.1 billion Permanent University Fund and increase by half the amount of Permanent University Fund-backed bonds those schools can issue.

Sen. Oscar Mauzy, D-Dallas, said he opposed the Schwartz-Vale proposal because he disapproves of constitutionally dedicated funds and does not favor giving UT and Texas A&M increased bonding authority.



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