

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 8, 2003

TO: Honorable Geanie Morrison, Chair, House Committee on Higher Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2977 by Chavez (Relating to providing education loan repayment assistance to encourage certain individuals to pursue careers in the faculty or administration of institutions of higher education.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2977, Committee Report 1st House, Substituted: a negative impact of (\$490,000) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2004 | \$0 |
| 2005 | (\$490,000) |
| 2006 | (\$490,000) |
| 2007 | (\$490,000) |
| 2008 | (\$490,000) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1 |
|-------------|--|
| 2004 | \$0 |
| 2005 | (\$490,000) |
| 2006 | (\$490,000) |
| 2007 | (\$490,000) |
| 2008 | (\$490,000) |

Fiscal Analysis

The bill would establish the Doctoral Incentive Loan Repayment Assistance Program for Texas residents who are from groups under-represented among the faculty and administration of Texas higher education institutions. The program would assist individuals with the repayment of any education loan received through any lender. The maximum loan repayment amount would be \$100,000. To be eligible for the loan repayment assistance program an individual must enter into an agreement with the Texas Higher Education Coordinating Board (THECB) to pursue employment as a member of the faculty or administration of a higher education institution in Texas. The program would be administered by the THECB.

The program would be funded with a \$2 per semester credit hour tuition set-aside collected from each

student enrolled in a doctoral degree program, excluding law or health professional degree programs. The funds would be maintained in the state treasury. Loan repayments and program administration costs would be paid from these funds.

Loan repayment assistance would begin with the 2004 Fall semester.

Methodology

Based on current enrollment in doctoral programs, the estimated tuition set aside for fiscal year 2005 would be approximately \$490,000. If each individual receives \$20,000 annually in loan repayment assistance, 24 individuals would be served each year.

There would be a cost to General Revenue for the amount of tuition that would be set aside for this program and thereby no longer be available to fund the general academics formulas.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JK, JO, CT, PF, MG