

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 1, 2007

TO: Honorable Jerry Madden, Chair, House Committee on Corrections

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2103 by Kolkhorst (Relating to a pilot program to provide student loan repayment assistance to certain correctional officers who graduate from Sam Houston State University.),
Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would create a pilot program, administered by the Higher Education Coordinating Board, to provide student loan repayment assistance to certain correctional officers who graduate from Sam Houston State University if certain eligibility requirements are met. Under provisions of the bill, the loan repayment may not exceed the cost of tuition and fees required for officer to enroll in 30 semester credit hours of junior-level or senior-level coursework at the university. The loans would be paid from a trust fund , which is outside the treasury but is held in trust by the comptroller. Gifts and grants as well state appropriations may be used to fund the program. Under provisions of the bill, the Coordinating Board may use 2.5 percent of the total amount in the funds to cover the costs of administering the program.

The Higher Education Coordinating Board indicates that the cost of tuition and fees for Texas residents enrolled for 15 semester credit hours at Sam Houston State for the 2006-07 academic school year is \$5,362. Since the scholarship can cover up to 15 hours per semester, the total tuition and fees that would be covered is \$5,362. It is assumed that approximately 50 students would participate in the program. Assuming a 5% increase each year in tuition and fees, and that all 50 of these students would satisfy the requirements in the bill, the amount of tuition covered by the loan would be \$281,505 in fiscal year 2008 and \$295,580 in fiscal year 2009 and increasing by 5% in fiscal year 2010 through 2012. Since there will be no loan repayments recipients until a year of post-graduate employment as correctional officers, the costs associated with the bill would begin in fiscal year 2009.

It is also assumed for purposes of this fiscal note that the Higher Education Coordinating Board will find the resources to support the loan program as the bill does not expressly require the State to support the trust fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 758 Texas State University System, 781 Higher Education Coordinating Board

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