

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 22, 2007**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on S/C on Higher Education

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

**IN RE: SB202** by Nelson (Relating to incentives to recruit and retain allied health education program faculty.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB202, As Introduced: a negative impact of (\$22,250,000) through the biennium ending August 31, 2009.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$7,416,667)
2009	(\$14,833,333)
2010	(\$22,500,000)
2011	(\$22,500,000)
2012	(\$22,500,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>
2008	(\$7,416,667)
2009	(\$14,833,333)
2010	(\$22,500,000)
2011	(\$22,500,000)
2012	(\$22,500,000)

**Fiscal Analysis**

Under provisions of the bill, the governing board of an institution of higher education shall exempt from the payment of tuition a resident of this state enrolled as an undergraduate student at the institution who is a child of a person who, at the beginning of the semester or other academic term for which the exemption is sought, holds a master's or doctoral degree in an allied health profession if certain conditions are met. Under the bill, preceptors and children of preceptors, would be exempt from the payment of \$500 of the total amount of tuition if certain conditions are met. The bill also creates Allied Health Faculty Enhancement Grants. These grants could be used for salary supplements and to reduce the number of hours faculty members must teach. The bill would also provide eligible allied health program faculty members with low-interest home mortgage loans. Under provisions of the bill, out of the portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds, \$5 million shall be allotted each year and made available exclusively to the Texas State Affordable Housing Corporation for the purpose of issuing qualified mortgage bonds in connection with the allied health program faculty member home loan program.

## **Methodology**

The tuition exemptions provisions and loan provisions would not have a significant impact to the State. The Higher Education Coordinating Board estimates the cost for the Allied Health Faculty Enhancement Grants by patterning this part of the bill on the nursing innovations grant program model. This program would grant scholarships or other faculty assistance to approximately 73 institutions. The Coordinating Board estimates that full funding for this program will take approximately \$22.2 million per year for grants and scholarships to be fully implemented. The grants would be broken down between allied health grants, allied health faculty diversity grants and general allied health faculty grants. Funding is as follows:

1.) \$2.7 million for nine \$300,000 3 year allied health grants. One-third of these grants (3 grants equaling \$900,000) would be in fiscal year 2008, two-thirds of these grants (6 grants equaling \$1,800,000) would be in fiscal year 2009, and 100% percent of these grants (9 grants equaling \$2,700,000) would be in fiscal year 2010. After fiscal year 2010, 9 grants will cost \$2,700,000 annually;

2) \$7.5 million for twenty-five \$300,000 3 year allied health faculty diversity grants, One-third of these grants or \$2.5 million would be for fiscal year 2008, two-thirds of these grants or \$5 million in fiscal year 2009 and 100% or \$7.5 million in fiscal year 2010. After fiscal year 2010, 25 grants will cost \$7.5 million annually; and

3) \$12 million for forty-eight \$300,000 3 year general allied health faculty grants, One-third or \$4 million in fiscal year 2008, two-third or \$8 million in fiscal year 2009, and 100% or \$12 million in fiscal year 2010. After fiscal year 2010, 48 grants will cost \$12 million annually.

Total three-year cost for the allied health grants and scholarships would be \$7.4 million in fiscal year 2008, \$14.8 million in fiscal year 2009, and \$22.3 million in fical year 2010 (and annually thereafter) when fully implemented.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, MN, RT, GO