

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 24, 2009**

**TO:** Honorable Dan Branch, Chair, House Committee on Higher Education

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

**IN RE: HB2928** by Howard, Donna (Relating to the creation and administration of the public high school mathematics and science teachers undergraduate education scholarship program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2928, As Introduced: a negative impact of (\$14,706,084) through the biennium ending August 31, 2011.

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

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$7,353,042)
2011	(\$7,353,042)
2012	(\$7,353,042)
2013	(\$7,353,042)
2014	(\$7,353,042)

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2010	(\$7,353,042)
2011	(\$7,353,042)
2012	(\$7,353,042)
2013	(\$7,353,042)
2014	(\$7,353,042)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	1.0
2011	1.0
2012	1.0
2013	1.0
2014	1.0

**Fiscal Analysis**

The bill would create a public high school mathematics and science teachers undergraduate scholarship program administered by the Higher Education Coordinating Board. The scholarship would be considered a loan unless certain criteria are met, including four consecutive years of full-

time employment primarily teaching mathematics or science courses in public high school. In addition to money appropriated by the legislature, the board may solicit and accept grants, gifts, and donations from any public or private source for the purposes of this subchapter.

### **Methodology**

For purposes of this fiscal note, it is assumed that the Higher Education Coordinating Board will establish the program beginning in fiscal year 2010. Since the student will have to meet several criteria, including employment requirements, the amount distributed to the student will be considered a loan for the time period covered by this fiscal note. It is also assumed that 1,000 students would receive a loan in each year. The amount is further broken down between loans to attend public institutions (80% or 800) and loans to attend independent institutions (20% or 200). The loan amount to attend public institutions is estimated to be \$4,160 per year and the loan amount to attend independent institutions is estimated to be \$18,591 per year. These amounts could be less depending on the tuition and fees covered by the scholarships and how many students take advantage of the program.

The remaining costs include an account representative, one time technology costs for custom programming to add a new loan type with unique characteristic to the Higher Education Coordinating Board's student loan software system, and servicing costs based on 2% of the loan principal. For standard student loans, the majority of borrowers fulfill their agreements by repaying their loans on time and the servicing costs are mostly for producing and mailing monthly billing statements, processing payments, and maintaining the data base. However, additional servicing costs are incurred: (1) for the borrowers who need assistance in the form of special payment or deferment arrangements, (2) for loans that are delinquent, and (3) for loans that are in default. Loans with forgiveness provisions entail all of the above servicing costs, but unlike standard student loans, additional staff resources are spent tracking and reviewing documentation for what recipients are doing to fulfill the service obligation.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 781 Higher Education Coordinating Board

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