

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 29, 2009

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

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

IN RE: HB3463 by Smith, Todd (Relating to student loan repayment assistance for undergraduate students who agree to teach in public schools in this state that have shortages of teachers in math and science.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3463, As Introduced: a negative impact of (\$142,798) through the biennium ending August 31, 2011.

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
2010	(\$85,841)
2011	(\$56,957)
2012	(\$5,056,957)
2013	(\$10,056,957)
2014	(\$15,056,957)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2010	(\$85,841)
2011	(\$56,957)
2012	(\$5,056,957)
2013	(\$10,056,957)
2014	(\$15,056,957)

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 student loan repayment assistance program administered by the Higher Education Coordinating Board for students who agree to teach in public schools in the state that have shortages of teachers in math and science. Subject to the availability of funds, the amount of an assistance payment provided under the bill in any year could not exceed \$5,000. Except as provided by the bill, for the first school year of employment and each following consecutive school year of employment, not to exceed seven years, the Higher Education Coordinating Board may provide assistance for the repayment of a portion of an eligible person's eligible loans.. The Higher Education Coordinating Board would begin administering the loan repayment assistance program in the 2009-2010 academic year (fiscal year 2010) if feasible, but no later than the 2010-11 academic year (fiscal year 2011).

Methodology

For purposes of this fiscal note, the Higher Education Coordinating Board assumed that it will begin receiving applications from 1,000 eligible juniors beginning in fiscal year 2010 and that these juniors will continue to meet all requirements through graduation in fiscal year 2011 and the service period ending in fiscal year 2012. It is also assumed the amount of the awards would be \$5,000 for a total cost of \$5,000,000 in fiscal year 2012. New cohorts would be added to the program in subsequent years and the number of awards would increase to 2,000 in fiscal year 2013 and 3,000 in fiscal year 2014. These amounts could be less depending on the tuition and fees covered by the loans and how many students take advantage of the program.

The remaining costs include an account representative that would be hired at a total salary and benefit cost of \$68,131 in fiscal year 2010 and \$56,957 in fiscal year 2011 and subsequent years, and a one time technology cost in fiscal year 2010 in the amount of \$17,710 for custom programming to add a new loan type with unique characteristics to the Higher Education Coordinating Board's student loan software system.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JOB, GO, KK, RT