

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

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

**March 30, 2009**

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

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

**IN RE: SB814** by Watson (Relating to repayment assistance for certain physician education loans.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB814, As Introduced: a negative impact of (\$1,400,000) 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	(\$700,000)
2011	(\$700,000)
2012	(\$700,000)
2013	(\$500,000)
2014	(\$700,000)

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

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1
2010	(\$700,000)
2011	(\$700,000)
2012	(\$700,000)
2013	(\$500,000)
2014	(\$700,000)

**Fiscal Analysis**

The bill would expand the pool of physicians and practice locations eligible for student loan repayment assistance through the Higher Education Coordinating Board's Physician Education Loan Repayment Program. The bill would extend eligibility to physicians practicing in primary care or a specialty field in acute shortage in hospitals or clinics where the patient population is at least 50 percent uninsured or Medicaid recipients as well as in public hospitals as defined by the Health and Safety Code.

The bill would set a maximum amount of repayment assistance that a physician working in a newly added eligible practice site may receive in one year as either 33 percent of their total eligible debt or \$35,000, whichever is less.

The bill would also authorize the Family Practice Residency Council to establish priorities among eligible loan repayment candidates by considering the degree of physician shortage; geographic location; whether the physician would be practicing in an economically depressed or rural medically underserved area, or newly added eligible practice site; or any criteria the committee considers appropriate.

The bill would require the coordinating board to adopt rules that administer the program in a manner that maximizes any matching funds available through the National Health Service Corps.

The bill would be effective immediately if it received the requisite two-thirds vote of each house; otherwise it would be effective September 1, 2009.

**Methodology**

The costs shown in the table above assume that funding would remain at the current level for loan repayments to the 65 providers that meet current program requirements. The bill does not provide direction on the total number of providers to receive loan repayment in a year, nor does it provide direction on the number of providers to be added each year from the newly eligible practice sites.

The Coordinating Board estimated costs to General Revenue for loan repayments to 20 physicians practicing in the clinics and hospitals described in the bill. This analysis assumes that the 20 new providers would enter the program with the national average amount of medical school student loan indebtedness, \$130,000; therefore, the 20 providers would each receive loan repayment for \$35,000 in fiscal years 2010, 2011, 2012, and 2013, and \$25,000 in fiscal year 2014. Because the loans would be paid-in-full with the fourth repayment of \$25,000, 20 new providers would start the program in fiscal year 2014 at the maximum amount, \$35,000. If the Coordinating Board adopted rules establishing lower repayment assistance amounts, the costs shown would be less.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, KK, JI, BH, CL