

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

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

**March 17, 2009**

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

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

**IN RE: SB816** by Patrick, Dan (Relating to the Texas Teach Corps Scholarship Program for 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 SB816, As Introduced: a negative impact of (\$15,519,441) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$5,265,918)
2011	(\$10,253,523)
2012	(\$15,539,440)
2013	(\$20,465,357)
2014	(\$20,637,829)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>
2010	(\$5,265,918)
2011	(\$10,253,523)
2012	(\$15,539,440)
2013	(\$20,465,357)
2014	(\$20,637,829)

**Fiscal Analysis**

The bill would create an undergraduate education scholarship program for students who agree to teach in public schools that have teacher shortages in academic areas. Under provisions of the bill, the Coordinating Board would establish and administer a program to award scholarships, not to exceed the lesser of the total amount of tuition at a public or private institution for educator preparation programs or \$5,000, to undergraduate students who are enrolled in educator preparation programs and agree to teach for a specified period in the public schools that are determined by the Texas Education Agency to have shortages of teachers in academic subjects.

Under provisions of the bill, not more than 4,000 scholarships may be awarded in any one year, but for the 2010-11 academic year, not more than 1,000 scholarships may be awarded, for the 2011-12

academic year, not more than 2,000 scholarships may be awarded, and for the 2012-13 academic year, not more than 3,000 scholarships may be awarded. It is assumed the first scholarships would be awarded in fiscal year 2010.

The Coordinating Board would adopt rules to administer this subchapter and distribute to each educator preparation program of a public or private institution of higher education a copy of the rules adopted. 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 set up the program beginning in fiscal year 2010. It is also assumed the amount of the scholarship would be \$5,000 and the number of scholarships awarded would be 1,000 in fiscal year 2010, 2,000 in fiscal year 2011 and 3,000 in fiscal year 2012 and 4,000 in fiscal year 2014 and 2015 (the limits contained in the bill). 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 significant 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, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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