

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 20, 2009

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

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

IN RE: SB2243 by Zaffirini (relating to the repayment of certain education loans for licensed physicians and dentists.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2243, Committee Report 1st House, Substituted: a negative impact of (\$4,280,000) through the biennium ending August 31, 2011.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$2,140,000)
2011	(\$2,140,000)
2012	(\$2,140,000)
2013	(\$2,140,000)
2014	(\$2,140,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	(\$2,140,000)
2011	(\$2,140,000)
2012	(\$2,140,000)
2013	(\$2,140,000)
2014	(\$2,140,000)

Fiscal Analysis

The bill would make several changes, including eligibility requirements, to the physician loan repayment program and dental loan repayment program administered by the Higher Education Coordinating Board.

Currently to be eligible to receive repayment assistance under the physician loan repayment program, a physician must apply to the Coordinating Board and have completed at least one year of medical practice: (1) in private practice in an economically depressed or rural medically underserved area of the state; (2) for one of the following state agencies: (A) Texas Department of Health; (B) Texas Department of Mental Health and Mental Retardation; (C) Texas Department of Corrections; or (D) Texas Youth Commission; or (3) for an approved family practice residency training program as a clinical faculty member and have completed training in an approved family practice residency training program on or after July 1, 1994. The bill would modify the eligibility requirements to include at the time of application an unrestricted license to practice medicine, an authorization number that allows the physician to provide services under authorized medical assistance programs and enter into a

written contract with the state to fulfill a four-year continuous service obligation that includes a targeted amount of services. The Higher Education Coordinating Board and Health and Human Services Commission will jointly establish target amounts for services.

Under provisions of the bill, the Higher Education Coordinating Board may provide repayment assistance for the repayment of any student loan for education at a public or accredited private institution of higher education in the United States, including loans for undergraduate, graduate, and medical education received by a physician through any lender. The total amount of repayment assistance could not exceed \$140,000 during the four-year service period.

The bill would make similar changes to the eligibility requirements under the dental loan repayment program. The total amount of repayment assistance could not exceed \$140,000 during the four-year service period.

Methodology

The Higher Education Coordinating Board estimated the cost associated with the loan repayments awarded to health care providers based on the assumptions that the 85 physicians and dentists currently in the program will have their loan repayment assistance increased to match the provisions on the bill (\$35,000 per year per provider) for a total of \$2,975,000 per year. Currently both programs are funded by a 2% tuition set asides. Therefore, for purposes of this estimate, the estimated annual tuition set asides are subtracted from the amount of General Revenue needed to fund the loan repayment awards. The estimated amount of medical school tuition set asides for each year is \$725,000 and the estimated amount of dental school tuition set asides for each year is \$110,000, for a total of an estimated \$835,000 per year in Dedicated General Revenue funds. Therefore, a total of \$2,140,000 (\$2,975,000 - \$835,000) in General Revenue will be needed for each year to fund loan repayments to the physicians and dentists at current levels.

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