

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 3, 2013

TO: Honorable Kel Seliger, Chair, Senate Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1720 by Patrick (relating to the Math and Science Scholars Loan Repayment Program for teachers who agree to teach mathematics or science in certain school districts in this state.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1720, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2015.

However, there would be a significant cost of (\$5,000,000) in fiscal year 2017 and increasing to a cost of (\$10,000,000) in fiscal year 2018 and continuing thereafter.

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
2014	\$0
2015	\$0
2016	\$0
2017	(\$5,000,000)
2018	(\$10,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2014	\$0
2015	\$0
2016	\$0
2017	(\$5,000,000)
2018	(\$10,000,000)

Fiscal Analysis

The bill would create the Math and Science Scholars Loan Repayment Program for teachers who agree to teach mathematics or science in certain school districts in the state. Under provisions of the bill, the Higher Education Coordinating Board (Board) would establish and administer the program. The bill includes specific eligibility requirements regarding the program, including service and repayment provisions.

Under provisions of the bill, not more than 1,000 eligible persons may be provided loan repayment assistance year, for the 2016-17 academic year. The maximum number of eligible persons for the 2017-18 academic year and the 2018-19 academic year are 2,000 and 3,000 respectively. The maximum number of eligible persons that can be provided loan repayment assistance in any school year is 4,000. This section of the bill would expire January 1, 2020. The Board would determine the annual amount of loan repayment payments.

The bill would create the mathematics and science teacher investment fund (fund). The fund is a dedicated account in the general revenue fund and consists of gifts, grants and other donations received for the fund and interest and other earnings from the investment of the fund. Under provisions of the bill, the total amount of loan repayment assistance paid by the Board may not exceed the total amount available in the fund or any other money that the Board is legally authorized to use for the program.

The Board would begin providing loan repayment assistance under the program to eligible persons teaching in the 2016-17 school year.

Methodology

Since the bill includes language that the Board may use other money in addition to the mathematics and science teacher investment fund for the program, and does not specifically limit the program funding to gifts, grants and donations and interest on the fund, it is assumed that General Revenue would be used to support the program. For purposes of this fiscal note it is assumed that loan repayments would begin in fiscal year 2017 based on provisions of the bill indicating the Board would provide loan repayment assistance beginning in the 2016-2017 school year. Although the bill does not specify the award amount, it is also assumed the award amount would be \$5,000 and the number of scholarships awarded would be 1,000 in fiscal year 2017 and 2,000 in fiscal year 2018, (the limits contained in the bill). Based on these assumptions the general revenue costs associated with the bill would be \$5 million in fiscal year 2017 and \$10 million in fiscal 2018. These amounts could be less depending on how many persons take advantage of the program. Any administrative costs associated with the program would be absorbed within current resources.

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: UP, GO, KK, SK, RT