

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 15, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2396 by Howard (Relating to eliminating requirements that certain public institutions of higher education set aside portions of tuition for student loan repayment programs for certain physicians and state attorneys.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2396, As Engrossed: a negative impact of (\$881,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$436,000)
2017	(\$445,000)
2018	(\$453,000)
2019	(\$459,000)
2020	(\$466,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Physician Ed. Loan</i> <i>Repayment</i> 5144	Probable Savings/(Cost) from <i>Est Oth Educ & Gen Inco</i> 770
2016	(\$436,000)	(\$436,000)	\$872,000
2017	(\$445,000)	(\$445,000)	\$890,000
2018	(\$453,000)	(\$453,000)	\$906,000
2019	(\$459,000)	(\$459,000)	\$918,000
2020	(\$466,000)	(\$466,000)	\$932,000

Fiscal Analysis

The bill would repeal the statutory requirement that medical units of institutions of higher education set aside, and transfer to the Comptroller, two percent of the tuition charge of each student registered in a medical branch or school. Funds collected from the two percent tuition set-aside are deposited to the General Revenue-Dedicated Account 5144-Physician Education Loan

Repayment Program (50 percent) and to the General Revenue Fund (50 percent). The Physician Education Loan Repayment Program is also supported by a tax on smokeless tobacco.

The bill would also repeal the statutory requirement that public schools of law set aside and transfer to the Comptroller, one percent of tuition charges for resident students enrolled in the school of law. The bill would allow the Office of the Attorney General to use funds appropriated to the agency for the Office of Attorney Loan Repayment Program that is currently administered by the Higher Education Coordinating Board.

Methodology

Based on information provided by the Comptroller's Office, the General Revenue loss associated with the repeal of the medical school set aside would be \$436,000 in fiscal year 2016 and \$445,000 in fiscal year 2017. The loss to General Revenue-Dedicated Account 5144 would also be \$436,000 in fiscal year 2016 and \$445,000 in fiscal year 2017. The repeal of the medical school set aside would result in a corresponding increase of \$872,00 in fiscal year 2016 and \$890,000 in fiscal year 2017 as a revenue gain to Fund 770, Other Educational and General Funds.

The Comptroller's Biennial Revenue Estimate indicates that the revenue generated from the tax on smokeless tobacco is approximately \$33 million per year so the impact of the repeal of the medical school tuition set aside in terms of funding for the Physician Education Loan Repayment Program would be negligible.

Based on information provided by the Comptroller's Office the law school tuition set aside is approximately \$293,000 per year for the University of Houston, Texas A&M University, Texas Southern University, The University of Texas at Austin and Texas Tech University. The repeal of the tuition set aside would enable the law schools affiliated with these universities to keep this revenue in Fund 770, Other Educational and General Funds. Based on information provided by the Office of Attorney General, to continue the loan repayment program at historical levels for the next five years, factoring in a 1.4 percent annual inflation rate per year, would result in a cost of \$1,936,512.

The impact of the elimination of these two tuition set asides to formula funding is not considered significant.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 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, 304 Comptroller of Public Accounts

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