

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 4, 2019

TO: Honorable Brandon Creighton, Chair, Senate Committee on Higher Education

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB16 by Hancock (relating to a student loan repayment assistance program for certain full-time peace officers in this state.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB16, Committee Report 1st House, Substituted: a negative impact of (\$12,287,852) through the biennium ending August 31, 2021.

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
2020	(\$3,147,792)
2021	(\$9,140,060)
2022	(\$18,131,149)
2023	(\$30,131,149)
2024	(\$30,131,149)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2020	(\$3,147,792)
2021	(\$9,140,060)
2022	(\$18,131,149)
2023	(\$30,131,149)
2024	(\$30,131,149)

Fiscal Year	Change in Number of State Employees from FY 2019
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2020	1.0
2021	3.0
2022	3.0
2023	3.0
2024	3.0

Fiscal Analysis

The bill would establish a loan repayment assistance program for certain persons who agree to employment as full-time peace officers in the state. Under provisions of the bill, a person is required to enter into an agreement with the Higher Education Coordinating Board and agree to complete four additional consecutive years as a full-time peace officer in the state. The bill establishes tiers of loan repayment assistance for each year of eligibility which include the lesser of \$3,000 or 10 percent for the first year of eligibility, \$6,000 or 20 percent for the second year of eligibility, \$9,000 or 30 percent for the third year of eligibility and \$12,000 or 40 percent for the fourth year of eligibility. Under provisions of the bill, the total amount of repayment assistance may not exceed \$30,000 and cannot exceed more than four years.

The bill would establish the Peace Officer Loan Repayment Program Assistance Fund to support the program. The fund is a dedicated account in the general revenue fund and consists of gifts, grants, and other donations received from public or private sources for the fund and interest earnings from the investment of the fund.

The Higher Education Coordinating Board is required to adopt rules for the peace officer loan repayment assistance program no later than December 1, 2019.

Methodology

The Texas Commission for Law Enforcement reports 78,767 active peace officers in Texas. The Higher Education Coordinating Board estimates that 1,000 peace officers will enroll in the program each year and would receive loan repayment awards of \$3,000 in fiscal year 2020. Based on these assumptions, the General Revenue cost for fiscal year 2020 is \$3,000,000. The General Revenue costs would increase in fiscal year 2021 through 2024 as these peace officers meet the eligibility requirements for higher award amounts and new cohorts of peace officers are added to the program.

The Higher Education Coordinating Board indicates they would need to hire a contractor in fiscal year 2020 to do the programming for the new loan program at an estimated one-time cost of \$84,375. The Higher Education Coordinating Board indicates they would need to hire one loan representative in fiscal year 2020 and an additional loan representative beginning in fiscal year 2021 to administer the program. The costs for salary and benefits for these FTEs are \$47,068 in fiscal year 2020 and \$104,926 beginning in fiscal year 2021. Technology and other costs associated with the program are estimated at \$16,349 in fiscal year 2020 and \$35,134 in fiscal year 2021.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 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

LBB Staff: WP, GO, JGAn, DEH