

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

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

**May 28, 2009**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB518** by Kolkhorst (relating to programs to provide student loan repayment assistance for certain correctional officers and for certain speech-language pathologists and audiologists.),  
**As Passed 2nd House**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB518, As Passed 2nd House: a negative impact of (\$1,346,509) through the biennium ending August 31, 2011.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$409,261)
2011	(\$937,248)
2012	(\$977,914)
2013	(\$6,202,074)
2014	(\$11,553,554)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>
2010	(\$409,261)
2011	(\$937,248)
2012	(\$977,914)
2013	(\$6,202,074)
2014	(\$11,553,554)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2009</b>
2010	1.0
2011	2.0
2012	2.0
2013	2.0
2014	2.0

## **Fiscal Analysis**

The bill would create programs to provide student loan repayment assistance for certain correctional officers and for certain speech-language pathologists and audiologists. The bill would also create the Texas Teach Corps Student Loan Repayment Program Assistance Program for undergraduate students who agree to teach in school districts that have shortages of teachers in mathematics or science

### **Correctional Officer Loan Repayment Program**

The bill would create a pilot program, administered by the Higher Education Coordinating Board, to provide student loan repayment assistance to certain correctional officers who graduate from Sam Houston State University if certain eligibility requirements are met, including a two year service requirement. Under provisions of the bill, the loan repayment may not exceed the cost of attendance for officers to enroll in 30 semester credit hours of junior or senior-level coursework at the university. The loans would be paid from a trust fund, which is outside the treasury but is held in trust by the comptroller. Gifts and grants as well state appropriations may be used to fund the program.

### **Speech-language pathologist and audiologists loan repayment program**

The bill would create a student loan repayment assistance program for speech-language pathologists or audiologists employed by a public school. The program would be administered by the Higher Education Coordinating Board. Under provisions of the bill, to be eligible for repayment assistance, the speech-language pathologist or audiologist would be required to: (1) apply to the Higher Education Coordinating Board; and (2) have been employed at full time capacity for at least one year by a public school; or (3) have been employed as a full-time faculty member of a communicative disorders program at an institution of higher education or private or independent institution of higher education for at least one year. The Board may also provide repayment assistance on a pro rata basis to speech-language pathologists or audiologists who are employed part-time by a public school or institution of higher education or private or independent institution of higher education.

The total amount of repayment assistance grants received by a speech-language pathologist or an audiologist under this chapter may not exceed, 1) for an eligible recipient who holds a master's degree but not a doctoral degree, a total of \$30,000 over five years; or 2) for an eligible recipient who holds a doctoral degree, \$45,000 over five years. The Board may provide repayment assistance for any student loan received by a speech-language pathologist or audiologist except for those loans that are in default. Funding for the repayments will come from money that is appropriated to the Board each biennium. The Board may also accept funds through gifts, grants, and donations to use for the student loan repayment assistance grants

### **Texas Teach Corps Student Loan Repayment Assistance Program**

The bill would create the Texas Teach Corps Student Loan Repayment Assistance Program, administered by the Higher Education Coordinating Board, for eligible students who agree to teach in public schools that have teacher shortages in math and science. Under provisions of the bill, not more than 4,000 eligible persons may be awarded loan repayment assistance in any one year, but beginning in the 2012-13 academic year, not more than 1,000 eligible persons may receive loans. The number of eligible persons would increase by a 1,000 each academic year.

Subject to the availability of funds, the amount of an assistance payment provided under the bill in any year could not exceed \$5,000. Except as provided for the bill, for the first school year of employment and each following consecutive school year of employment, not to exceed four years, the Higher Education Coordinating Board may provide assistance for the repayment of a portion of an eligible person's eligible loans.

The bill would create the mathematics and science teacher investment fund. The fund is a dedicated account in the general revenue fund and consists of appropriations of money to the fund by the legislature; gifts, grants, and other donations received for the fund; and interest and other earnings from the investment of the fund. The fund could only be used to provide repayment assistance for the repayment of eligible loans as specified in the bill.

Under provisions of the bill, the Higher Education Coordinating Board would begin providing loan repayment assistance for eligible persons teaching in the 2012-13 school year (fiscal year 2013).

## **Methodology**

For purposes of this fiscal note it is assumed that general revenue would be used to support the three programs.

### **Pilot Loan Repayment Program for Correctional Officers**

Sam Houston State University reported 409 graduates in Bachelor of Arts in Criminal Justice & Safety for fiscal year 2008. For purposes of this fiscal note it is assumed that 5% of these graduates will meet the eligibility requirements of the program, or approximately 20 graduates per year. The Higher Education Coordinating Board indicates that the cost of tuition and fees at \$5,904 per year resulting in scholarship awards of approximately \$118,000 per year. Since the officers would be required to fulfill a two-year service requirement beginning in fiscal year 2010, the scholarships (totaling \$236,000) will not be disbursed until fiscal year 2011.

### **Loan Repayment Program for Speech Language Pathologists and Audiologists**

For purposes of this fiscal note it is assumed that 45 speech-language pathologists and audiologists and two faculty members employed in a communicative disorder program at institutions of higher education including private and independent institutions will receive loan repayment assistance in fiscal year 2010. It is also assumed that the annual loan repayment is \$5,000 for speech-language pathologists per year (the bill allows for a total of \$30,000 over five years) and \$9,000 per year for faculty of communicative disorders programs (the bill allows for a total of \$45,000 over five years) resulting in a total cost of \$288,000 in fiscal year 2010. The number of pathologists and audiologist and faculty members receiving loan repayment assistance would increase by the same amount (45 and 2) in the subsequent years increasing to a total of 225 in fiscal year 2014.

### **Texas Teach Corps Student Loan Repayment Assistance Program**

For purposes of this fiscal note, the Higher Education Coordinating Board assumed that they will begin receiving applications from eligible juniors beginning in fiscal year 2011 and that these juniors will continue to meet all requirements through graduation in fiscal year 2012 and the service period ending in fiscal year 2013. It is also assumed the amount of loans would be \$5,000 and the number of loans awarded would be 1,000 in fiscal year 2013, and 2,000 in fiscal year 2014. These amounts could be less depending on the tuition and fees covered by the loans and how many students take advantage of the program.

### **Administrative Costs**

The Higher Education Coordinating Board has indicated they would need to hire one additional FTE to administer the correctional officer and speech pathologist and audiologist loan repayment programs. The total costs for salaries and benefits for the FTE is \$68,131 in fiscal year 2010 and \$56,957 for subsequent years. There would also be \$17,710 in technology costs for developing each of the new loan repayment programs.

For the Texas Teach Corps Student Loan Repayment Assistance Program, they would need to hire an account representative that would be hired at a total salary and benefit costs of \$68,131 in fiscal year 2011 and \$56,957 in fiscal year 2012 and subsequent years and 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 (in fiscal year 2010 only).

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 769 University of North Texas System Administration, 783 University of Houston System Administration

**LBB Staff:** JOB, GO, MN, RT, KK