

**NOTE:** As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR: Garcia, M.P.      DATE TYPED: 02/19/03    HB 367

SHORT TITLE: Payment of Student Loans for Some Teachers    SB \_\_\_\_\_

ANALYST: Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$642.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$642.0		Recurring	Teacher Loan Payment Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to:

- HB 177: School Differential Pay Act
- HB 366: Income Tax Credit for Certain Teachers
- HJR 5: Loans for Teacher Preparation Programs, CA
- HJR 6: Loan Repayment for Teacher Education, CA

### SOURCES OF INFORMATION

- LFC Files
- Commission on Higher Education (CHE)
- State Department of Education (SDE)

## SUMMARY

### Synopsis of Bill

House Bill 367 appropriates \$642.0 from the General Fund to a new, non-reverting fund, the teacher loan payment fund, for the purpose of providing payments for student loans of up to \$6,000 for a qualifying teacher. Eligibility criteria for teachers would include receipt of a Master's degree and teaching for a minimum of four consecutive years at a school in which at least ninety percent of the students receive free or reduced-fee lunches. The CHE would administer the program.

### Significant Issues

CHE notes the extent of teacher shortages in the state.

If maximum loan payments of \$6,000 were made, this appropriation would assist 107 qualifying teachers. SDE reports a total of 107 National Board Certified Teachers across the state.

Two SDE lists of qualifying schools for HB 177 and HB 367 differ significantly in the elementary schools component of qualifying schools. HB 367 also includes junior high and high schools as eligible schools. The number of qualifying schools is not clear from SDE data.

CHE notes current statute authorizes establishment and administration of the Teacher Loan-for-Service program to address the state's teacher shortage. As a condition of obtaining a loan, a student must declare their intent to serve as a full-time, public school teacher in a designated teacher shortage area of the state. Shortage areas may be geographic or subject specific. Generally, the service obligation period is equal to the period of the loan; however, three or more years of loans would require three years of service.

## FISCAL IMPLICATIONS

The appropriation of \$642.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of the fiscal year would not revert.

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

## TECHNICAL ISSUES

SDE notes the text of the bill does not address National Board Certification as a qualification and notes inconsistency with title, see page 1, line 18.

## OTHER SUBSTANTIVE ISSUES

SDE notes this legislation is consistent with the agency's Strategic Plan.

SDE notes concerns regarding the use of state funds to make awards to private citizens for personal expenses.

CHE notes the intent might be more appropriately addressed in a loan repayment program.

**POSSIBLE QUESTIONS**

1. What are the costs/benefits of the incentive proposed in this bill?
2. Is the incentive designed to achieve the sponsor's intent?

AW/prr:yr