

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 28, 2003

TO: Honorable Geanie Morrison, Chair, House Committee on Higher Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1761 by Wise (Relating to administration of and eligibility for TEXAS grants and TEXAS grants II.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1761, As Introduced: a negative impact of (\$10,820,230) through the biennium ending August 31, 2005.

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
2004	(\$5,410,115)
2005	(\$5,410,115)
2006	(\$5,410,115)
2007	(\$5,410,115)
2008	(\$5,410,115)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2004	(\$5,410,115)
2005	(\$5,410,115)
2006	(\$5,410,115)
2007	(\$5,410,115)
2008	(\$5,410,115)

Fiscal Analysis

The bill would amend the TEXAS Grant and TEXAS Grant II programs so that a student who meets the satisfactory academic progress requirement for federal financial aid would also meet the satisfactory academic progress requirement for these grants; independent (private) institutions could award full TEXAS Grants and Tuition Equalization Grants concurrently if the student demonstrates financial need. Loans and Pell grants could be applied toward the difference between the amount of the grant and the actual amount of tuition and fees.

Methodology

The provision related to changing academic progress requirements would maintain eligibility for some students who would lose eligibility under current program requirements. According to the most recent

data available from the Higher Education Coordinating Board, slightly more than 2,900 students lost TEXAS Grant eligibility and 2,730 students lost TEXAS Grant II eligibility for failure to meet academic progress requirements. Approximately 60 percent of these students would have met institutional academic progress requirements under the proposed change. Based on these figures, the fiscal impact would be \$3.8 million for TEXAS Grants and \$1.6 million for TEXAS Grants II, for a total of \$5.4 million annually.

Currently, the amount of TEXAS Grants I or II and the Tuition Equalization Grant (TEG) may not exceed the maximum TEG amount authorized by statute. The elimination of this limitation would not have a significant fiscal impact because TEG funding is based on a formula that would not be affected by this change.

The elimination of the provision which prohibits applying loans and Pell grants toward the difference between the TEXAS award and the total of tuition and fees would give institutions more flexibility and should not have fiscal implications for the state.

To the extent that no additional General Revenue would be made available, existing statute allows the Coordinating Board to change the financial need criteria so that the total number of TEXAS Grants recipients would not increase. The result would be a change in the mix of students receiving awards to accommodate the new students that would be eligible by this legislation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JK, JO, CT, PF, MG