

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 23, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2633 by Quintanilla (Relating to eligibility to receive a TEXAS grant.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2633, As Introduced: a negative impact of (\$1,836,900) 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	(\$938,860)
2005	(\$898,040)
2006	(\$518,100)
2007	(\$207,240)
2008	(\$94,200)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2004	(\$938,860)
2005	(\$898,040)
2006	(\$518,100)
2007	(\$207,240)
2008	(\$94,200)

Fiscal Analysis

The bill would extend eligibility for TEXAS grants to students who completed associate's degrees prior to May 1, 2001, with a grade point average of at least 3.0 on a 4.0 scale, and to students who completed at least 60 semester credit hours prior to the 2001 spring semester with a grade point average of at least 3.0 on a 4.0 scale.

Methodology

This expansion of the eligibility for TEXAS Grants would result in an additional 299 students in fiscal year fiscal year (FY) 2004, 286 students in FY 2005, 165 students in FY 2006, 66 students in FY 2007, and 30 students in FY 2008. The total cost for each year is calculated based on multiplying the number of eligible students by \$3,140, which is the maximum award amount at a public four-year university.

The estimate on the number of students eligible is based on the number of students completing associates degrees at public four-year institutions in the five year period prior to FY 2001. The first year of the program includes five percent of the students from FY 2000, four percent from FY 1999, three percent from FY 1998, two percent from FY 1997, and one percent from FY 1996. Retention rates were applied to this pool of students as follows: 80 percent retention in the first year, 75 percent retention in the second year, and 15 percent retention in the third year. Each year the new population of students decreases.

To the extent that no additional General Revenue would be 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 would change to accomodate 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