

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 8, 2003

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB286 by Shapleigh (Relating to the continuation and functions of the Texas Higher Education Coordinating Board.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB286, Committee Report 1st House, Substituted: a positive impact of \$3,393,900 through the biennium ending August 31, 2005.

The bill extends the Sunset provision of the Higher Education Coordinating Board, reduces the number of board members from 18 to 15, and makes the following changes:

- 1) Requires the Board to articulate implementation strategies for the higher education plan and to report to the Legislature on statutory and institutional funding changes that best support the plan;
- 2) Replaces the Joint Advisory Committee with the P-16 Council;
- 3) Streamlines the Hinson-Hazelwood loan program, requiring distribution of funds through the Texas Guaranteed Student Loan Corporation;
- 4) Changes eligibility requirements for special-purpose financial aid programs to require current service;
- 5) Restructures the Teach for Texas Conditional Grant program to a loan repayment program;
- 6) Requires the use of the Common Course numbering system.
- 7) Requires the agency to collect and publish general academic institutions' performance data on the internet.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$1,069,200
2005	\$2,324,700
2006	\$1,462,700
2007	\$1,262,700
2008	\$962,700

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from GENERAL REVENUE FUND 1	Probable (Cost) from GENERAL REVENUE FUND 1
2004	\$1,269,200	(\$200,000)
2005	\$2,519,200	(\$194,500)
2006	\$1,519,200	(\$56,500)
2007	\$1,319,200	(\$56,500)
2008	\$1,019,200	(\$56,500)

Fiscal Analysis

The bill would generate savings from restructuring the Teach for Texas program, reduction in travel, and from the conversion of the Hinson-Hazlewood loan program. The bill would create costs in implementation of the Teach for Texas change, the Hinson-Hazlewood change, and in setting up a system to meet the internet performance reporting requirements.

Methodology

Savings generated by implementation of the provisions of the bill are as follows:

- 1) Reducing the number of board members from 18 to 15 would save \$2,400 in travel costs annually.
- 2) Replacing the Joint Advisory Committee with the P-16 Council would save \$1,600 in travel costs annually because the members of the P-16 Council, unlike the Joint Advisory Council, are in Austin and would not incur travel costs.
- 3) Requiring allocation of loan disbursements through the Texas Guaranteed Student Loan Corp would generate a savings of \$15,200 annually because paper checks would not be issued and mailed using overnight services.
- 4) Restructuring the Teach for Texas Conditional Grant program would generate initial savings as grants were discontinued and students have not yet met the service requirements for loan repayment. In the first year of implementation, no new grants would be awarded - only previous recipients would receive a re-award, generating a savings of approximately one half of the \$2.5 million allocated to the program. Loan repayments would not be made in the first or second years because no student (who had not received a grant) would meet the one-year service requirement. Loan repayments would begin in the third year of implementation and increase each year as the number of loan repayment recipients surpasses the number of students who previously received grants (due to loans being repaid over 5 years).

Costs of implementation of the bill:

- 1) Restructuring the Teach for Texas program would require additional administrative costs of approximately \$138,000 in the first two years due to conversion costs.
- 2) Allocating Hinson-Hazlewood loan disbursements through the Texas Guaranteed Student Loan Corp would incur costs for using the TGSLC system of approximately \$55,000 (\$2 each x 27,500 disbursements).
- 3.) Collecting and publishing performance data on the internet would incur initial set-up costs of \$7,000, with maintenance costs of approximately \$1,500 each year thereafter.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 781 Higher Education Coordinating Board
LBB Staff: JK, JO, GO, PF, DSB