

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 26, 2005

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

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

IN RE: HB609 by Giddings (Relating to tuition rebate incentives for person who complete certain degree and certificate programs with excessive credit hours.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB609, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	(\$209,000)
2009	(\$215,000)
2010	(\$221,500)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2006	\$0
2007	\$0
2008	(\$209,000)
2009	(\$215,000)
2010	(\$221,500)

Fiscal Analysis

The bill would extend the state's current tuition rebate program to award up to a \$500 tuition rebate to students enrolled in a public community colleges, technical institutes, or lower-division general academic teaching institutions who complete a degree or certificate program requiring at least 60 semester credit hours with no more than three hours in excess of the minimum required for the degree or certificate. The bill also adds eligibility requirements for the rebate at general academic teaching institutions. The bill would provide for reimbursements to the public junior colleges through increases in general revenue funds appropriated to the institutions. Reimbursements to community colleges would be made from appropriations managed by the Higher Education Coordinating Board. The rebate does not apply to students entering before summer 2005.

Methodology

In fiscal year 2002, the most current information available, 40,457 associate degrees and certificates were awarded by public community colleges, public technical colleges and institutions in the Texas State University System. Approximately 16,000 of these required fewer than 60 hours and would not qualify for the rebate. Of the remaining 24,549 associate degree recipients, all of their programs would require at least 60 hours.

The Higher Education Coordinating Board estimates that two percent of technical associate degree students and one percent of academic degree students would meet the rebate requirements, for a total of 372 students for fiscal year 2004. The number would grow by three percent per year as students become aware of the program. The amount of the rebate for qualifying students is estimated to be, \$203,000 in fiscal year 2007, \$209,000 in fiscal year 2008; \$215,000 in fiscal year 2009 and \$221,500 in fiscal year 2010. Because the rebate provisions became effective beginning the 2005 summer session, and the students are required to take 60 semester credits, and the earliest the junior colleges could be reimbursed by the legislature is the fiscal year 2008/2009 biennium, the cost to the state would begin in fiscal year 2008.

If students take fewer semester credit hours to qualify for the rebate, the cost of further expansion of the higher education system could be avoided in the future.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

This fiscal note assumes the legislature would reimburse local community colleges for the tuition rebates that they grant under this legislation.

Source Agencies: 781 Higher Education Coordinating Board

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