

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 16, 2005

TO: Honorable Royce West, Chair, Senate Committee on S/C on Higher Education

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

IN RE: HB2041 by Campbell (Relating to a TEXAS grant pilot project to provide incentives for students to attend certain underutilized public institutions of higher education.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill establishes a pilot program to provide incentives for students to attend certain underutilized public institutions of higher education. Under the provisions of the bill, the Texas Higher Education Coordinating Board (THECB) would award initial awards of not more than 1,000 students at Angelo State University and 600 students at Sul Ross State University for the 2005-06 and 2006-07 academic years and would award continuation grants to pilot project students in future years. The bill includes language directing funding for the pilot project from amounts appropriated to the TEXAS Grants and B-on-Time programs.

Although the maximum recipients allowed in the bill is 1,000 students at Angelo State and 600 students at Sul Ross State for fiscal year 2006, THECB estimates that only 400 students at Angelo State and 200 students at Sul Ross State would participate in the program initially. Adjustments were made for new students entering the program in fiscal year 2006 and fiscal year 2007 since the bill covered both the 2005-06 and 2006-07 academic year. THECB multiplied the number of students each year by the retention rate to calculate the number of continuing students. Based on these calculations the Coordinating Board estimates the total awards for 2007 would be 700 for Angelo State and 400 for Sul Ross. In fiscal year 2008, the number of awards would be 480 at Angelo State and 273 at Sul Ross. The number of grants would steadily decrease as students left the program and no new students were added.

To estimate the cost, the number of students was multiplied by the average grant awards per institution. Based on these calculations, the estimated cost of the pilot program to TEXAS Grants would be \$1,645,400 in fiscal year 2006, \$3,017,000 in fiscal year 2007, \$2,065,263 in fiscal year 2008, \$1,489,321 in fiscal year 2009 and \$1,204,049 in fiscal year 2010.

Implementing provisions of the bill would reduce the amount of funding available for other TEXAS Grants recipients.

Local Government Impact

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

Source Agencies: 758 Board of Regents, Texas State University System Central Office, 781 Higher Education Coordinating Board

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