

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 26, 2005

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB151 by Zaffirini (Relating to students enrolled in junior college courses for which students may receive both high school and higher education academic credit.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB151, As Passed 2nd House: a negative impact of (\$7,328,990) 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	(\$3,664,495)
2007	(\$3,664,495)
2008	(\$3,873,408)
2009	(\$4,082,565)
2010	(\$4,291,465)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>STATE TEXTBOOK FUND</i> 3
2006	(\$3,315,020)	(\$349,475)
2007	(\$3,315,020)	(\$349,475)
2008	(\$3,523,933)	(\$349,475)
2009	(\$3,732,820)	(\$349,745)
2010	(\$3,941,720)	(\$349,745)

Fiscal Analysis

The bill would create a pilot program of dual credit in which up to five public junior colleges would waive tuition and fees for educationally disadvantaged high school students. It would also entitle the student to free textbooks for the dual credit courses. The bill would make implementation conditional upon sufficient general revenue appropriations in an amount corresponding with the waived tuition and fees.

It is possible that the tuition and fee costs noted in this fiscal note may be financed in future years by the potential savings resulting from reductions in the number of courses taken by undergraduate students.

The bill takes effect immediately, but generally applies to the 2005-06 school year.

The bill, as amended, would create the Texas Academy of International Studies at Texas A&M International University. The academy would be a residential, coeducational instituton for selected

Texas high school students with an interest in international studies. For each student enrolled in the academy, the academy would be entitled to allotments from the foundation school fund under Chapter 42 of the Education code.

Methodology

There are two sources of cost to the state: tuition and fee exemptions and textbook costs. However, it should be noted that the bill would make implementation of its provisions contingent upon the legislature providing a "corresponding increase in the general revenue funds appropriated to public junior colleges" to reflect the cost of the tuition and fee exemptions. To estimate such costs, the following assumptions were used:

- 1) Costs assume one community college course's tuition and fees is \$332.
- 2) This bill would limit the program to a representative sample of five of Texas' 50 community college districts (or one-tenth of all districts). It is assumed only 10 percent of the 39,940 high school students who participated in dual-credit programs in 2003 would be able to participate in this program (about 3,994 students).
- 3) Costs assume students would take one class in Spring and Fall semesters, and about half the students would take a class in the Summer semester for an estimated cost of \$3,315,020 per year

Textbook Costs: The Texas Education Agency assumes textbooks could be used twice. Assuming a cost of \$70 per textbook, the estimated cost is \$349,475 per year.

The cost of the added amendment is estimated as follows.

The amendment cost estimate is derived from a similar academy at the University of North Texas, the Texas Academy of Math and Sciences, which currently has 359 students enrolled and receives special item funding from the state in the amount of \$1.5 million per year. Amounts for the Texas A&M International University academy are based on an enrollment estimate of 50 students in 2008, 100 students in 2009, and 150 students for 2010 at a cost of \$4,178 per student.

The bill alludes to Tier 1 allotments in the Foundation School Program as the source of funding for the academy. The bill does not give a school district as a reference for the cost of education index, and therefore it is assumed the academy would not receive that funding adjustment.

Based on the size of similar academies, it is assumed for purposes of this estimate the academy will be phased in over two years and have 150 students by fiscal year 2008 and will generate approximately \$3,900 per student in funding from the foundation school fund or \$585,000 annually. It is assumed these students would be enrolled in a public school were they not in the academy, and these funds would flow to Texas A&M International University when the students are enrolled in the academy, so this is cost neutral to the state.

It is assumed Texas A&M International University would receive proportional special item funding for any cost in excess of the student related transfers from the foundation school fund associated with the supporting the academy.

Local Government Impact

To the extent that school districts have furnished textbooks, there may be some cost savings to districts with eligible students participating in the pilot program.

Source Agencies: 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JOB, CT, RT, GO, JAW