

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 4, 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: SB1227 by Shapiro (Relating to payment of the costs of attending public and private postsecondary educational institutions and to financial aid and other measures to assist students to pay those costs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1227, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	(\$7,089,000)
2010	(\$9,641,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2006	\$0
2007	\$0
2008	\$0
2009	(\$7,089,000)
2010	(\$9,641,000)

Fiscal Analysis

The bill amends various sections of the Education Code relating to financial aid. Section 4 of the bill modifies eligibility requirements for receiving a tuition rebate. Eligibility requirements under the Early High School Graduation program were modified under Section 12 of the bill. Section 13 and 14 changes the eligibility requirements under the TEXAS Grant program. Under current law students are required to take a three-fourths load to be eligible under the TEXAS Grant Program. Under the provisions of the bill a student would be required to take a full course load. Section 17 of the bill amends provisions of the TEXAS Grant II to allow hardship exceptions for the coursework completion requirement.

Section 9 of the bill also moves responsibility for the State Military Tuition Assistance program from the Texas Higher Education Coordinating Board to the Adjutant General, including certifying information of persons awarded tuition assistance for members of the state military forces to the appropriate public and private institutions of higher education. The bill also moves the responsibility

of payments from the Texas Higher Education Coordinating Board to the Comptroller in Section 19. The Adjutant General would have to authorize these payments before they can be processed. These payments are made from money appropriated for purposes of tuition assistance for members of state military forces. There would be no significant fiscal impact to the state.

Methodology

Section 4 of the bill, which modifies the tuition rebate program, will not have an impact until fiscal year 2009, when the first students are anticipated to graduate under the program established in fall 2005. The Higher Education Coordinating Board estimates the cost in fiscal year 2009 to be \$7.1 million; the cost in fiscal year 2010 is expected to be \$9.6 million based on the following methodology. In fiscal year 2004 10,358 students graduated in 4 years and 10,208 students graduated in 5 years. In that same year, 3,269 students received rebates through the current program. It is assumed the current rebates were for students graduating in 4 years, leaving an additional 7,089 potential rebate recipients. It is assumed 25 percent, or 2,552 of the 5-year graduates were in 5-year degree plans. It is assumed rebates to remain at \$1000 in value. The first group of students affected by this bill will enter in fall 2005 and graduate in fiscal year 2009 or fiscal year 2010 (depending on whether they are in 4- or 5-year degree plans). The resulting costs are \$7,089,000 in fiscal year 2009 and \$9,641,000 in 2010.

Section 12 of the bill, which enables students left out of the Early High School Graduation Program by changes in 2003, will cause more awards funded through the foundation school fund (general revenue dedicated fund). However according to section 52.208 of the Education Code this program is funded through the savings generated from students graduating early. The savings per student should more than offset the cost of awarding the scholarships.

Sections 13 & 14, which requires full-time enrollment for TEXAS Grant, the Coordinating Board assumes level funding for TEXAS Grant, therefore, there will not be a savings to General Revenue, it will just be a different mix of students receiving grants.

Section 17, which changes the academic progress and hardship provisions of the Towards EXcellence, Access and Success Grant II program, will have no additional cost. Since we are assuming level funding, there will only a different mix of students.

Section 9 and 19 of the bill regarding the moving of duties from the Coordinating Board to the Adjutant General and Comptroller would not have a significant impact based on the Comptroller's estimates.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 401 Adjutant General's Department, 701 Central Education Agency, 720 The University of Texas System Administration, 758 Board of Regents, Texas State University System Central Office, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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