

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 30, 2007

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

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

IN RE: HB1330 by Brown, Fred (Relating to the pilot program providing for reduced undergraduate tuition during a term of the summer session at Texas A&M University.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1330, Committee Report 1st House, Substituted: a negative impact of (\$3,856,221) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2008 | (\$3,856,221) |
| 2009 | \$0 |
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i> | Probable Revenue Gain/ (Loss) from <i>EST OTH EDUC & GEN INCO 770</i> | Probable Revenue Gain/ (Loss) from <i>INSTITUTIONAL FUNDS 997</i> |
|-------------|--|---|---|
| 2008 | (\$3,856,221) | (\$669,483) | (\$3,186,738) |
| 2009 | \$0 | \$0 | \$0 |
| 2010 | \$0 | \$0 | \$0 |
| 2011 | \$0 | \$0 | \$0 |
| 2012 | \$0 | \$0 | \$0 |

Fiscal Analysis

The bill would extend a pilot program to reduce tuition rates for the 2008 summer term at Texas A&M University. Students would be eligible to receive reduced tuition for one term of the summer session. The pilot program would expire January 1, 2009.

Methodology

Based on analysis by the Texas Higher Education Coordinating Board, it is estimated that 8,467 full-time students would be eligible for reduced tuition. The Higher Education Coordinating Board

estimates a total of 53,539 hours would be generated in fiscal year 2008. The reimbursement rate for the state would be \$12.50 per hour in statutory tuition and is estimated to be \$59.50 per hour in designated tuition. The tuition reimbursement cost for fiscal year 2008 would be \$3,856,221.

Based on the following language already in Education Code, “This section applies only if the legislature specifically appropriates money to cover the tuition revenue lost,” it is assumed that an equivalent amount of general revenue funds would be needed to reimburse the university for the loss of both appropriated and designated tuition revenue.

Local Government Impact

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

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 781 Higher Education Coordinating Board

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