

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

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

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

IN RE: HB2173 by Cook, Byron (Relating to the continuation and functions of the Prepaid Higher Education Tuition Board.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend statute relating to the Prepaid Higher Education Tuition Board and require the board to adopt an ethics policy and allow the board member to be reimbursed for travel expenses for attending required training. In addition, the bill would allow the board to return to the purchaser of a tuition contract amounts in excess of an institution of higher education's tuition and required fees if the board determined that it can do so without affecting the actuarial soundness of the program.

The bill would further require the board to establish, by rule, the procedures for determining when and under what conditions to open enrollment after enrollment had been suspended and allow the board to establish a maturity period between the time a purchaser entered into a contract and the time the board would have to pay any tuition and fees on behalf of the beneficiary for contracts entered into after December 31, 2003. In addition, the board would be required to conduct a study, no later than September 1, 2008, to determine the feasibility of the board and an institution of higher education entering into agreements where the institution would offer tuition discounts or other benefits to beneficiaries of prepaid tuition contracts.

It is assumed that any additional costs associated with implementing the provisions of the bill could be absorbed within existing state resources. This bill would take effect immediately upon enactment if it received two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts

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