

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 24, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB3851 by Morrison (Relating to the admission of high school graduates and undergraduate transfer students to certain institutions of higher education, the computation of a student's high school grade point average for purposes of determining eligibility for admission, and policies to promote the admission of undergraduate transfer students.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3851, As Passed 2nd House: a negative impact of (\$13,327,179) 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	\$0
2009	(\$13,327,179)
2010	(\$27,260,204)
2011	(\$39,848,229)
2012	(\$46,082,619)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	\$0
2009	(\$13,327,179)
2010	(\$27,260,204)
2011	(\$39,848,229)
2012	(\$46,082,619)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	0.0
2009	2.5
2010	2.5
2011	2.5
2012	2.5

Fiscal Analysis

The bill would amend automatic admission requirements under various sections of the Education Code. The bill clarifies the eligibility of students for automatic admission.

The bill would also require all institutions of higher education to provide an online performance report card, ensure the performance report card is posted on each institution's website and submit it to the Higher Education Coordinating Board no later than September 1, 2008. The Coordinating Board must also maintain a database of both in-state and out-of-state peer institutions for purposes of comparison.

The bill also modifies eligibility requirements for TEXAS grants as it pertains to convictions involving the possession or sale of a controlled substance. The bill would also require the Coordinating Board to distribute money in the B-on-Time account through the electronic funds transfer system that is maintained by the Texas Guaranteed Student Loan Corporation. The bill requires the Coordinating Board to conduct three studies. The bill requires the Coordinating Board, in consultation with student financial aid officers to conduct a feasibility study regarding the issuance of debit cards to students awarded financial aid. The Coordinating Board, in consultation with representatives from higher education institutions, would conduct a study on the impact of GPA as a requirement for financial aid and a feasibility study on linking the amount of TEXAS grant awards to completed course work.

The bill also creates the Texas Technology Grant pilot program. Funding for the Texas Technology Grant program would come from amount of money available for TEXAS grants and other appropriated amounts. In the Governor's Higher Education Proposal, a new Texas Technology Grant program was proposed. The proposal indicates that funding of \$43.7 million would increase the number of electrical engineering, engineering technology and computer science graduates from 5,500 to 11,000 per year. The bill increases the semester credit hour requirements for the program from 30 SCH, which was the threshold in the Governor's Higher Education Proposal, to 60 SCH.

The bill would also create an undergraduate education scholarship program (Texas Teach Corps Scholarship Program) for students who agree to teach in public schools that have teacher shortages in academic areas. Under provisions of the bill, the Coordinating Board would establish and administer a program to award scholarships, not to exceed the lesser of the total amount of tuition at a public or private institution for educator preparation programs or \$5,000, to undergraduate students who are enrolled in educator preparation programs and agree to teach for a specified period in the public schools that are determined by the Texas Education Agency to have shortages of teachers in academic subjects. Under provisions of the bill, not more than 4,000 scholarships may be awarded in any one year, but for the 2008-09 academic year, not more than 1,000 scholarships may be awarded, for the 2009-10 academic year, not more than 2,000 scholarships may be awarded, and for the 2010-11 academic year, not more than 3,000 scholarships may be awarded. It is assumed the first scholarships would be awarded in fiscal year 2009. The Coordinating Board would adopt rules to administer this subchapter and distribute to each educator preparation program of a public or private institution of higher education a copy of the rules adopted. In addition to money appropriated by the legislature, the board may solicit and accept grants, gifts, and donations from any public or private source for the purposes of this subchapter.

The bill would also require, upon a finding of financial or administrative exigency by the legislative audit committee or the governor, that the governor may abolish the governing body of a general academic institution or a university system. An interim, five-member governing board is to be appointed by the Governor with the advice and consent of the Senate. In consultation with the governor, the interim board may appoint an interim president or chancellor. Following the expiration of the terms of the interim board members, the normal governing body is reconstituted under existing law. The interim board/president shall develop and implement a comprehensive administration improvement plan and shall submit the plan to the governor and the chairs of the legislative audit committee. Periodic progress reporting is required. A legislative oversight committee is to be appointed by the Governor in consultation with the Lieutenant Governor and Speaker of the House. Similar law is proposed for state agencies under which the governor with the consent of the Senate may appoint an interim administrator for a state agency.

Methodology

The bill creates two new grant programs. The costs for each program will be addressed separately.

Assuming the Texas Technology Grant program would start in fiscal year 2009 and 1,000 students would be in the pilot program, it is estimated that approximately \$8.1 million would be needed for the program. This estimate is based on these students receiving a grant award of \$8,143, which is 1.5 times the estimated TEXAS grant award of \$5,170 in fiscal year 2009. The funding would increase to \$17.1 million in fiscal year 2010, \$24.7 million in fiscal year 2011 and \$25.9 million in fiscal year 2012, as renewal students are added to the program. To the extent that TEXAS grant funding is used to fund the program, these costs could be offset.

For purposes of this fiscal note it is assumed that it will take one year for the Coordinating Board to set up the program. For the remaining years it is assumed the amount of the scholarship would be \$5,000 and the number of scholarships awarded would be 1,000 in fiscal year 2009, 2,000 in fiscal year 2010 and 3,000 in fiscal year 2011 and 4,000 in fiscal year 2012 (the limits contained in the bill). These amounts could be less depending on the tuition and fees covered by the scholarships and how many students take advantage of the program.

Assuming the Texs Technology Grant program would start in fiscal year 2009 and 1,000 students would be in the pilot program, it is estimated that approximately \$8.1 million would be needed for the program. This estimate is based on these students receiving a grant award of \$8,143, which is 1.5 times the estimated TEXAS grant award of \$5,170 in fiscal year 2009. The funding would increase to \$17.1 million in fiscal year 2010, \$24.7 million in fiscal year 2011 and \$25.9 million in fiscal year 2012, as renewal students are added to the program. To the extent that TEXAS grant funding is used to fund the program, these costs could be offset.

To implement provisions of the bill it is estimated that the Higher Education Coordinating Board would need to hire 2.5 FTEs, which includes one Loan Representative III (\$59,363 for salaries, wages and benefits), a program director (\$51,240 for salaries, wages and benefits) and a part-time administrative assistant III (\$37,608). Other costs amount to \$12,218 per year for a total administrative cost of \$160,429 per year. There would also be technology costs of \$24,000 in Fiscal Year 2009 to set up the various programs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, JSp, MN, RT, GO