

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 14, 2007

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

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

IN RE: SB101 by Shapiro (Relating to limitations on the automatic admission of undergraduate students to general academic teaching institutions and to fees charged to certain admitted students.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB101, As Engrossed: an impact of \$0 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 | \$0 |
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from <i>EST OTH EDUC & GEN INCO</i> 770 |
|--------------------|--|
| 2008 | \$0 |
| 2009 | (\$6,165,206) |
| 2010 | (\$12,022,152) |
| 2011 | (\$16,751,636) |
| 2012 | (\$20,771,697) |

Fiscal Analysis

The bill would amend Section 51.803 of the Texas Education Code, relating to the current automatic admission of high school students graduating in the top ten percent of their class, by: 1) requiring top ten percent students to complete the recommended or advanced high school curriculum to be eligible for automatic admission to a Texas public university; 2) allowing universities to admit as little as sixty percent of the institution's freshman enrollment capacity to these students. Institutions would be required to offer admission to those applicants by percentile rank according to their graduating class standing until a sufficient number of applicants have accepted admission offers to fill those spaces; and 3) requiring institutions choosing to cap their total top 10% enrollment at 60% of the incoming class to exempt top 10% students from the payment of tuition under Education Code 54.051 and special course fees, lab fees, and student teaching fees.

The bill would also direct the Texas Higher Education Coordinating Board to consult with the Texas Education Agency to adopt rules establishing standards applicable to students who attended a school that did not offer the recommended or advanced high school curriculum. Each general academic institution would have to submit a report to Higher Education Board and post on their website information about the demographic characteristics of the incoming freshman class.

Methodology

If a school chooses to cap their total top 10% enrollment at 60% of the incoming class, the bill would exempt students qualifying under section 51.803(c) from payment of tuition and special course fees, lab fees, and student teaching fees, but not designated tuition. Currently the only school with over 60% of its freshman class being top 10% graduates is The University of Texas at Austin.

The 2006 University of Texas at Austin's freshman class was 6,800 students, and assuming that number will remain constant, 60% would be 4,080 students. University of Texas at Austin's statutory tuition, special course and laboratory fees are \$755.54 per semester. Therefore, the total tuition and fee exemption cost for each freshman class would be \$3,082,603 per semester, or \$6,165,206, starting in fiscal year 2009. Assuming a 5% dropout rate each year thereafter and 15% of the remaining students failing to maintain a 2.5 grade point average after their sophomore year, the five year cost would be \$55,710,693. This amount could be partially or fully offset by supplemental appropriations from the Legislature.

The bill will not affect overall state enrollment in institutions of higher education and would not require significant changes to current enrollment processes. General academic institutions could absorb the new reporting requirements with existing institutional resources and the Higher Education Coordinating Board could absorb costs associated with passage of the bill within existing resources as well.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 758 Texas State University System, 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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