

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 22, 2007**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on S/C on Higher Education

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

**IN RE: SB577** by Ellis (Relating to the portion of designated tuition required to be set aside to provide student financial assistance at institutions of higher education.), **As Introduced**

**The bill would have an impact on institutional funds for institutions of higher education.**

The bill changes the portion of designated tuition required to be set aside to provide student financial assistance at institutions of higher education and what the set-asides can be used for. Previously, the 5% set aside for the B-on-Time program was part of the 20% set aside of tuition charged to a resident undergraduate student in excess of \$46 per semester credit hours and this funding would be used to provide financial assistance for resident undergraduate students. The bill would make the 5% B-on-Time set aside on top of the 20% set aside and the financial assistance would be need-based. The changes made by the bill starting with the 2007-08 academic year.

Higher Education Institutions have indicated the bill would impact operational funds. For example, the University of Texas System indicates that adding the 5% B-on-Time set aside on top of the current 20%, would result in funding that had previously been spent on instruction and operating activities now going to the increased financial aid set asides. The University of Texas System indicates there would be approximately \$13.3 million in operational funds that would be lost for their component institutions in fiscal year 2008 growing to \$22.9 million by fiscal year 2012.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board, 758 Texas State University System, 783 University of Houston System Administration

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