

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 1, 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: SB1052 by Zaffirini (Relating to tuition credits for students who complete the core curriculum at two-year public institutions of higher education.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would establish a tuition credit for students who complete the core curriculum at two-year public institutions of higher education. If the student satisfies the eligibility requirements in the bill, the student is entitled to a tuition credit in an amount equal to one-fourth of the total amount of tuition charged for each semester or academic term at the general academic institution. Under provisions of the bill, tuition charged under Section 54.0513 (Designated Tuition) is excluded. A general academic teaching institution is entitled to reimbursement for the cost of providing a tuition credit to an eligible student under this section. The Higher Education Coordinating Board would reimburse the institution in the appropriate amount from appropriations available for that purpose. The Coordinating Board would also be required to adopt rules to administer this section, including rules requiring an eligible student to apply for a tuition credit and to provide the information required to verify the student's eligibility. Under provisions of the bill, a student may not receive a tuition credit before the 2009 fall semester. The impact on individual institutions of higher education is not expected to be significant. If the Coordinating Board were to reimburse the tuition credit claims, it would cost approximately \$750,000 in fiscal year 2010 based on the following methodology.

The Coordinating Board estimates that in fiscal year 2005, 17,202 students attending 2-year institution completed the core curriculum. Of this amount, 4,073 had graduated from high school within the previous 2 years. 2,412 of them continued into upper level course work within 3 years of high school graduation. The average course load for juniors and seniors at general academic teaching institutions is 24 hours per year. Using the statutory tuition rate of \$50 per hour, the credit is for 1/4 of statutory tuition, or \$12.50 per hour. The Coordinating Board multiplied the number of students by 24 hours to generate the number of hours per year, and the number of hours by \$12.50 to determine the amount of possible reimbursement. Using these assumptions the costs associated with the tuition credit reimbursements are estimated to be \$752,833 in fiscal year 2010, \$767,890 in fiscal year 2011 and \$783,248 in fiscal year 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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