

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: SB1176 by Ellis (Relating to a requirement that a full TEXAS grant be awarded to each eligible applicant in an academic year.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1176, As Introduced: a negative impact of (\$380,350,274) 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	(\$380,350,274)
2010	(\$586,363,078)
2011	(\$807,429,003)
2012	(\$1,018,214,757)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	\$0
2009	(\$380,350,274)
2010	(\$586,363,078)
2011	(\$807,429,003)
2012	(\$1,018,214,757)

Fiscal Analysis

Under provisions of the bill, before the beginning of each academic year, the Higher Education Coordinating Board would determine and certify to each eligible institution the total amount of money necessary for the institution to award, without reference to any factor that could affect a grant award such as financial need, the full amount of a TEXAS grant to each eligible applicant who enrolls at the institution during that academic year. After the coordinating board certifies the total amount necessary to award those grants with respect to an eligible institution, the institution shall award the full amount of the TEXAS grant to each eligible applicant who enrolls at the institution. If an eligible institution fails to satisfy these requirements, the institution may not spend any of the institution's unobligated institutional funds or any money appropriated to the institution for instruction or operations in the academic year for which the coordinating board certified the total amount necessary to award grants as required by this subsection. The changes contained in the bill apply to TEXAS

grant awards beginning with the fall 2008 semester

Methodology

According to the Higher Education Coordinating Board, about 55,902 grants were issued and General Revenue funding for the TEXAS grant program in fiscal year 2006 was \$167,834,297. Assuming a constant award amount per grant, the Higher Education Coordinating Board estimates the cost to provide full General Revenue funding to the TEXAS Grant program at \$380.4 million in fiscal year 2009, \$586.4 million in fiscal year 2010, \$807.4 million in fiscal year 2011 and \$1,018.2 million in fiscal year 2012. The increase is mainly due to renewal awards increasing dramatically in the future years. Since the bill applies to TEXAS grant awards beginning in fiscal year 2009, there is no cost associated with the change for fiscal year 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

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