

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 1

April 19, 2007

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

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

IN RE: SB1699 by Shapiro (Relating to financial aid to assist students with paying the costs of higher education.) ,**Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1699, Committee Report 1st House, Substituted: a negative impact of (\$8,142,750) 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	(\$8,142,750)
2010	(\$17,099,775)
2011	(\$24,687,800)
2012	(\$25,922,190)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	\$0
2009	(\$8,142,750)
2010	(\$17,099,775)
2011	(\$24,687,800)
2012	(\$25,922,190)

Fiscal Analysis

The bill 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 studys. 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. These provisions would implemented within existing resources.

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.

Methodology

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.

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