

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 29, 2009

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

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

IN RE: HB3135 by Gallego (Relating to a TEXAS grant pilot project to provide incentives for students to attend certain underutilized public institutions of higher education.), **As Introduced**

The bill would create \$20 million in General Revenue Related costs for the 2010-11 biennium from either the Texas Grants or B-On-Time Program. If funds are not appropriated for this purpose, the bill would reduce the amount of funding available to other grant recipients under these programs.

The bill establishes a pilot program to provide incentives for students to attend certain underutilized public institutions of higher education. Under the provisions of the bill, the Texas Higher Education Coordinating Board would award initial awards of not more than 1,000 students at Angelo State University and 600 students at Sul Ross State University for the 2009-10 and 2010-11 academic years and would award continuation grants to pilot project students in future years. The bill includes language directing funding for the pilot project from amounts appropriated to the TEXAS Grants and B-On-Time programs.

Based on the maximum recipients allowed in the bill, 1,000 students at Angelo State and 600 students at Sul Ross State, the Higher Education Coordinating Board estimates the cost of the pilot program at \$9,728,000 in fiscal year 2010 based on an TEXAS grant award of \$6,080 per person. Assuming the maximum award increased by 5% the following year, the cost would be \$10,214,400 in fiscal year 2011.

The Higher Education Coordinating Board would report to the 82nd Legislature by February 1, 2011, their recommendations on whether to continue, expand or discontinue the program.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 758 Texas State University System, 781 Higher Education Coordinating Board

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