

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 28, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB4244 by Hochberg (Relating to certain competitive scholarship recipients at public institutions of higher education.), **As Passed 2nd House**

Depending on the number of students who, under provisions of the bill, would no longer be granted a tuition waiver and whether they would choose to enroll, there could be an indeterminate fiscal impact to institutions of higher education. The bill would also authorize a student endowment fund fee at the University of Texas at El Paso

Under provisions of the bill, an institution would be allowed to charge resident tuition and fees to a student who holds a certain scholarship and who is not a resident of Texas regardless of the length of time the student has resided in Texas. Under current law, these students are entitled to pay the fees and charges required of Texas residents.

Until August 1, 2014, a student who was granted the waiver under current law and paid resident tuition in the 2009-2010 academic year would be entitled to continue to pay resident tuition as long as the student remains enrolled in the same certificate or degree program.

It is unknown whether institutions would continue to grant these waivers or whether students who would no longer receive waivers would enroll in Texas institutions.

The bill also authorizes a student endowment fund fee, not to exceed \$1.00 per term, at The University of Texas at El Paso. The fee must be used to establish a student endowment fund. The fee is in addition to any other fee authorized by law and may not be considered in determining the maximum amount of student services fees that may be imposed. The fee could not be charged after the fifth academic year in which the fee is first charged unless, before the end of that academic year, the institution has issued bonds payable from the fee, in which event the fee may not be charged after the academic year in which all such bonds, including refunding bonds for those bonds, have been fully paid. The University of Texas System has indicated that if the fee is imposed it would begin with the 2010 fall semester and generate approximately \$47,500 in fiscal year 2011 with slight increases in the subsequent years.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 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

LBB Staff: JOB, KK, RT, GO, SSh