

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 14, 2009**

**TO:** Honorable Frank Corte Jr., Chair, House Committee on Defense & Veterans' Affairs

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

**IN RE: HB4626** by Lucio III (Relating to establishing scholarships for members of a Reserve Officers' Training Corps (ROTC) attending public institutions of higher education.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB4626, As Introduced: a negative impact of (\$1,728,159) through the biennium ending August 31, 2011.
--

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$49,914)
2011	(\$1,678,245)
2012	(\$2,353,245)
2013	(\$2,783,245)
2014	(\$3,055,745)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from <i>General Revenue Fund</i> 1</b>
2010	(\$49,914)
2011	(\$1,678,245)
2012	(\$2,353,245)
2013	(\$2,783,245)
2014	(\$3,055,745)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2009</b>
2010	0.5
2011	0.5
2012	0.5
2013	0.5
2014	0.5

**Fiscal Analysis**

The bill would establish a scholarship program administered by the Higher Education Coordinating Board for members of a Reserve Officer's Training Corps attending public institutions of higher education. To be eligible to receive an initial scholarship, a student must: (1) have earned a grade point

average of at least 3.5 on a four-point scale or the equivalent for each year of high school; (2) graduate from a public or private high school in this state; (3) demonstrate leadership abilities through participation in community service, extracurricular activities, or other activities, as determined by the board; (4) be enrolled as a freshman in an institution of higher education; (5) enroll in and be a member in good standing of a Reserve Officers' Training Corps (ROTC) program while enrolled in an institution of higher education, regardless of whether the student pursues a military obligation; and (6) be nominated for a scholarship by a state senator or state representative. Under provisions of the bill, a state senator may nominate up to four students and a state representative may nominate up to two students. The number of students chosen from the nominations would be selected by a lottery conducted by the Higher Education Coordinating Board. The students would be required to maintain a 3.5 on a four point scale to continue to receive the scholarship.

## **Methodology**

For the purposes of estimating costs associated with the new program, the Higher Education Coordinating Board assumed all 31 Senators and 150 members of the House will nominate candidates and that all nominees would be granted awards. This represents 424 applicants entering the program each year. Data collected on the cohort of fall 2004 students who attained and maintained a 3.5 overall GPA indicates that 56% of the students attaining a 3.5 in their first fall completed their first spring with at least a 3.5. In each semester thereafter the fall 2004 cohort of students maintaining a 3.5 GPA diminished until only 10.92% of them had a 3.5 or higher GPA as of the spring of their 4th year of college. The first awards are to be made for the 2010-2011 academic year (fiscal year 2011). When you apply the retention percentages beginning with 424 students entering the fall 2010 semester, the numbers of the cohort that continue to meet program requirements decreases to 237 in the spring 2010 semester.

The Higher Education Coordinating Board took each semesters total number of recipients from all cohorts and multiplied the total by \$2,500 to determine the amount of money that would be needed for the awards. Based on these calculations the total amount awarded in fiscal year 2011 would be \$1,652,500. As new cohorts receive scholarships the costs would increase in the subsequent years. Since the program begins in fall 2010, there would be no cost for fiscal year 2010.

The Higher Education Coordinating Board has indicated that they would need an additional 1/2-time Program Tech VI position to implement the program, interact with the Legislators, the ROTC programs and collect applications for the scholarships and manage the distribution of funds to the students. The personnel/benefits costs are estimated at \$34,234 in fiscal year 2010 and \$23,745 in fiscal year 2011. Technology costs are estimated at \$12,680 in fiscal year 2010 and \$2,000 in subsequent years.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 781 Higher Education Coordinating Board

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