

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 30, 2009

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

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

IN RE: SB31 by Zaffirini (Relating to financial assistance for students who complete certain coursework at two-year public institutions of higher education.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB31, As Engrossed: a negative impact of (\$34,797) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2010 | \$0 |
| 2011 | (\$34,797) |
| 2012 | (\$2,011,263) |
| 2013 | (\$2,699,976) |
| 2014 | (\$2,764,727) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from General Revenue Fund 1 |
|-------------|---|
| 2010 | \$0 |
| 2011 | (\$34,797) |
| 2012 | (\$2,011,263) |
| 2013 | (\$2,699,976) |
| 2014 | (\$2,764,727) |

Fiscal Analysis

The bill would create a financial assistance program administered by the Higher Education Coordinating Board for students who complete certain coursework at two-year public institutions of higher education. The financial assistance would be in the form of a grant to be applied toward the payment of tuition and fees at a general academic institution. The bill establishes eligibility criteria for the grants including a minimum grade point average of 3.0 the students would have to achieve. The amount of the grant would be \$700 for each semester subject to other limitations in the bill. Under provisions of the bill, a student may not receive a grant for a semester or term before the 2011 fall semester (fiscal year 2012).

Methodology

The costs associated with the financial assistance program were based on the following information provided by the Higher Education Coordinating Board. Based on historic enrollment patterns, the

number of persons completing an associate's degree is estimated to equal 1,405 in fiscal year 2010, increasing by approximately 2.5% per year thereafter. The number of persons completing the core curriculum is estimated to equal 523 in fiscal year 2010, increasing by approximately 2.4% per year. When these percentages are multiplied out for fiscal year 2011 through fiscal year 2014, the number of associate's degree recipients increases from 1,405 to 1,551 in fiscal year 2014 and the number of core curriculum completers rises from 523 to 575 in fiscal year 2014. The total for the two groups begins as 1,928 in fiscal year 2010, rising to 2,126 by fiscal year 2014. The total number of persons for fiscal year 2012 is 2025.

In order to receive awards, recipients must attain and maintain a 3.0 grade point average. Historical data indicates that 39.9% of the students entering a general academic teaching institution acquire a 3.0 or higher GPA. Of those students, 66.73% complete their spring term with a 3.0 GPA; and of that group, 68.88% complete the following fall term with a 3.0. To calculate the number of students who would qualify and continue to qualify for the awards for two years, the Higher Education Coordinating Board multiplied each cohort by the GPA-retention percentage for each relevant term. The fall 2011 cohort (fiscal year 2012), which began as 2,025 eligible students, produced 809 recipients in spring 2012; 540 recipients for fall 2012, and 374 recipients for spring 2013. The fall 2012 cohort which began as 2,075 recipients, produced 829 recipients for spring 2013, 553 recipients for fall 2013, and 384 recipients for spring 2014. The fall 2013 cohort began as 2,126 recipients and produced 849 recipients for spring 2014.

These three cohorts were added together and multiplied by \$700 per term to determine the costs of the grants. In fiscal year 2012, a total of 2,834 awards would be made for the two semesters, equaling \$1,983,518. In fiscal year 2013 a total of 3,817 awards would be made totaling \$2,672,231. In fiscal year 2014 a total of 3,911 awards would be made for a total of \$2,737,982.

In order to administer the program the Higher Education Coordinating Board has indicated they would need to expand its staff by a half-time position at the Program Technician VI. This position would begin in spring 2011, when program operations would have to be developed and implemented. This represents a personnel cost for salaries and benefits in fiscal year 2011 of \$22,117 and \$23,745 per year in fiscal year 2012 and 2013. Technology for automating the program is estimated to equal \$12,680 in fiscal year 2011, followed by a \$2,000 annual maintenance cost thereafter. The startup technology costs for fiscal year 2011 include salaries for business analysts (\$1,800), database programmers (\$1,720), user interface programming (\$3,280), reporting (\$1,720) and testing (\$4,160).

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, GO, KK, RT