

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

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

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

Estimated Two-year Net Impact to General Revenue Related Funds for SB31, As Introduced: a negative impact of (\$13,498,000) 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	(\$6,666,000)
2011	(\$6,832,000)
2012	(\$6,998,000)
2013	(\$7,168,000)
2014	(\$7,342,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	(\$6,666,000)
2011	(\$6,832,000)
2012	(\$6,998,000)
2013	(\$7,168,000)
2014	(\$7,342,000)

Fiscal Analysis

Under provisions of the bill, students who complete certain coursework at two-year public institutions of higher education could be eligible for tuition rebates at general academic teaching institutions. The Higher Education Coordinating Board would administer the rebate program. The amount of the tuition rebate shall be \$1,000 for qualifying students with associate degrees and \$500 for qualifying students who completed the core curriculum for an associate degree without receiving an associate degree. Tuition rebates may not exceed tuition charged for a semester, and would not be awarded past the second anniversary of the date the student enrolled in the institution. Students receiving rebates under the bill are not eligible for rebates under existing Section 54.0065 of the Education Code. Students may not receive a rebate under this Act before the 2011 fall semester and may not establish eligibility for a rebate based on coursework before the 2009 fall semester. Each general academic teaching institution is entitled to reimbursement for the cost of providing a tuition rebate to an eligible student. The reimbursement of tuition rebates would come from the Higher Education Coordinating Board from appropriations available for that purpose.

Methodology

The costs associated with the rebate program were based on the following information provided by the Higher Education Coordinating Board. It was assumed that students would be eligible to claim the tuition rebate as set out in the bill: a total of \$1,000 per semester for four semesters, or \$4,000, for every associate degree completer who enrolled within the time allowed; plus a total of \$500 per semester for four semesters, or \$2,000, for every core curriculum degree completer who enrolled within the time limit allowed.

Based on historical data on students that completed an associate degree and would qualify under the requirements of the bill, the Higher Education Coordinating Board estimated that 1,405 and 1,440 students would be eligible to receive the \$4,000 rebate in fiscal year 2010 and 2011, respectively. Based on historical data on students that completed a core curriculum degree they estimated 523 and 536 students would be eligible to receive the \$2,000 rebate in fiscal year 2010 and 2011, respectively. Based on this information the total cost for the rebate in fiscal year 2010 would be \$6,666,000 (1,405*\$4,000 plus 523*\$2,000) and \$6,832,000 (1,440*\$4,000 and 536*\$2,000) for fiscal year 2011. There would be slight increases in the subsequent years.

Since the bill requires the general academic institutions be reimbursed for the rebates, for purposes of this fiscal note, it is assumed that the State would reimburse these costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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