

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

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

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

IN RE: SB43 by Zaffirini (Relating to tuition and fee exemptions at public institutions of higher education for students who have been in foster care or certain other residential care.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would extend the current foster care exemption to include students enrolled in dual credit classes while in high school and allow students to begin using the exemption as late as the day before their 25th birthday.

The state currently has two exemption programs (Texas Education Code Section 130.008 and Texas Education Code 54.216) which allow institutions to waive all or part of the tuition and fees paid by students in dual credit courses. In fiscal year 2007, a total of 53,269 students received exemptions through these programs.

In fiscal year 2008, the number of foster care students receiving exemptions through Texas Education Code 54.211, equaled 2,030 for a total of \$4,134,826 in foregone tuition and fee charges. The majority of the students were at public general academic institutions (544) and public community colleges (1,372).

Based on these facts, the Higher Education Coordinating assumed that the new provisions would increase the number of students using the exemption by 3% in fiscal year 2010, 4% in fiscal year 2011 and 5% in fiscal year 2012-14.

To calculate the number of additional recipients per year, the Coordinating Board multiplied the fiscal year 2008 numbers of recipients by the relevant percentage of projected growth (3%, 4% or 5%). For public universities the number of additional recipients equaled 16 in fiscal year 2010 (.03*544), and 22 in fiscal year 2011(.04*544). Similar calculations were done in the remaining years and in other sectors of higher education (community colleges, state colleges, technical colleges). The total number of additional students in all sectors equaled 60 in fiscal year 2010, 82 in fiscal year 2011 and 84 per year in fiscal year 2012-14.

To determine the average annual rate of growth in the value of exemptions in this program, The Higher Education Coordinating Board averaged the growth rate for fiscal 2006, 2007, and 2008 and found it to equal 7.38%.

To calculate the foregone tuition and fee revenues for the institutions, they multiplied the number of additional students per sector by the average award amount per student per sector in fiscal year 2008, times the exemption value growth factor. For public universities, the average award was \$4,647. The 16 additional students in fiscal year 2010 represent \$85,729 in foregone tuition and fee revenues. Similar calculations were done for the remaining years and for the additional students in other types of institutions. The resulting totals in foregone tuition and fees equaled \$139,673 in fiscal year 2010; \$206,805 in fiscal year 2011, \$271,585 in fiscal year 2012, \$291,624 in fiscal year 2013, and \$313,142 in fiscal year 2014.

It is assumed the cost will be absorbed by the institutions of higher education since the bill does not require the State to reimburse the institutions.

Local Government Impact

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

Source Agencies: 781 Higher Education Coordinating Board, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

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