

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**April 7, 2009**

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

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

**IN RE: SB154** by Ellis (Relating to the portion of designated tuition required to be set aside to provide student financial assistance at institutions of higher education.), **As Introduced**

**The bill could have significant fiscal implications for institutions of higher education.**

Currently institutions of higher education are required to set aside 20 percent of designated tuition charged to a resident undergraduate student in excess of \$46 per semester credit hour for financial assistance. Included in this amount is 5 percent to support the B-On-Time Program. The bill would add need based criteria to financial assistance for the 20 percent set aside and the 5 percent set aside to support the B-On-Time program would now be on top of the 20 percent set aside.

The Higher Education Coordinating Board has estimated student financial assistance would be increased by an additional \$57.8 million in fiscal year 2010 and \$62.7 million in fiscal year 2011. Several institutions have raised concerns that the decrease in designated tuition that can be used for operations would hinder their ability to attract and retain qualified faculty, add additional faculty to lower student/faculty ratios, provide merit increases to faculty and staff, conduct critical facility maintenance, and acquire needed equipment.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 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, 710 Texas A&M University System Administrative and General Offices

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