

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 27, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB175 by Shapiro (Relating to limitations on the automatic admission of undergraduate students to general academic teaching institutions.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend Texas Education Code Section 51.803(a-1), relating to the current automatic admission of high school students graduating in the top ten percent of their class. The bill would authorize The University of Texas at Austin to limit automatic admissions to 75 percent of its first-time resident undergraduate student enrollment capacity in an academic year. An institution offering admission under this subsection would be required to provide information to school districts of anticipated percentile rankings that will qualify for admission and school counselors would be required to provide certain notices. The bill would limit the number of admission offers an institution could make to first-time undergraduate students who are not residents of this state. The University of Texas at Austin would not be allowed to consider legacy status as an admission factor. An institution would not be allowed to offer admission under this subsection if a could order or governing board rule provided that race could not be considered as an admission factor. An institution offering admission under this subsection would have to require students admitted under this subsection to take a certain number of credit hours during evening or low-demand hours. The Texas Higher Education Coordinating Board would be required to publish an annual report. The University of Texas at Austin would be required to submit a written report. The bill would amend Texas Education Code Section 51.8035 to allow automatic admission for transfer undergraduate students for students who would have qualified for automatic admission at the time of their high school graduation and meet other listed criteria. The bill would amend Texas Education Code Chapter 61 to require a Higher Education Assistance Plan. There would be no significant fiscal impact on the state as a result of the provisions of the bill described above as they will not affect overall state enrollment in institutions of higher education and would not require significant changes to current enrollment processes.

The bill would create a scholarship program for students who graduated in the top 10 percent of their class. Under provisions of the bill, an institution of higher education would provide to a student who receives a scholarship a credit in the amount of the scholarship, to be applied toward the payment of any amount of educational costs charged by the institution for that semester and a check, electronic transfer, or other disbursement of any remaining scholarship amount. A student must satisfy the following requirements to be initially eligible: (1) have graduated from a public or accredited private high school in this state while ranked in the top 10 percent of the student's graduating class, subject to other provisions of the legislation; (2) have completed the recommended or advanced high school curriculum or its equivalent; (3) have applied for admission as a first-time freshman student for the 2010-11 academic year or a subsequent academic year to an institution of higher education that has elected to offer admissions for that academic year under Section 51.803(a-1); (4) enroll as a first-time freshman student in an institution of higher education not earlier than the 2010-2011 academic year and not later than the 16th month after the date of the student's high school graduation; (5) have been awarded a TEXAS grant; (6) be a Texas resident; and (7) comply with any other eligibility requirements established by coordinating board rule.

The student would have to satisfy criteria, including satisfactory academic progress, to continue to receive the scholarship. The student would not be eligible for an initial or subsequent scholarship if the

student was offered admission to any institution of higher education for which that institution made admission under Section 51.803(a-1) regardless of whether the student subsequently enrolls at that institution.

In fiscal year 2009, the Higher Education Coordinating Board was appropriated \$100 million in incentive funding with 80% or \$80 million going to general academic teaching institutions based on degrees awarded with increased weights for critical fields and at-risk students and 20% or \$20 million going to top ten percent scholarships. For purposes of this fiscal note, it is assumed that funding will continue in fiscal year 2010-11, and any costs associated with the scholarship program, including administrative costs, will be covered by the appropriation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

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