

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 13, 2009

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

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

IN RE: SB324 by Shapleigh (Relating to the tuition rebate program for certain undergraduate students at general academic teaching institutions.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The Bill would provide tuition rebates to undergraduate students graduating in three years or less. These rebates are to be two times the applicable certified tuition for the applicable interval. Additional considerations are made for students who paid less than the applicable certified tuition rates, or, paid tuition to other institutions during the three year period. Tuition rebates may be reduced to the tuition actually paid in these circumstances. Changes to this law apply only to a student who is awarded a baccalaureate degree on or after September 1, 2009.

The Higher Education Coordinating Board indicates that the number of students who qualify to receive a tuition rebate has been increasing each year. From fiscal year 2004 to fiscal year 2008, a total of 17,397 students received tuition rebates, at a total cost of \$17,279,358. From fiscal year 2004 through fiscal year 2008, the number of tuition rebate recipients increased 11.9%. This amounts to an average annual increase of 3%.

For the amount of the rebate, the Higher Education Coordinating Board looked at the percent increase in statutory and designated tuition in the four most recent years for which data was available. They found the average tuition increase was 12.25% per fiscal year based on the average of the percent increase for both statutory and designated tuition in Fall 2004: 21.7%; Fall 2005: 8.9%; Fall 2006: 8.5%; and Fall 2007: 10%. Based on this information the approximate tuition rebate for fiscal year 2010 and 2011 would be \$1,125 and \$1,226 respectively. The estimates for fiscal year 2012-2014 would be \$1,336, \$1,456, and \$1,587.

Beginning with 3,649 students for fiscal year 2008 and taking into account the assumptions above, the total amount of tuition rebates would be approximately \$4.4 million in fiscal year 2010, \$4.9 million in fiscal year 2011 and grow to \$6.9 million by fiscal year 2014.

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

LBB Staff: JOB, KK, RT, GO