

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 5, 2011**

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

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

**IN RE: HB573** by Gallego (Relating to a TEXAS grant pilot project to provide incentives for students to attend certain underutilized public institutions of higher education.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB573, As Introduced: a negative impact of (\$29,103,302) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2012	(\$10,417,785)
2013	(\$18,685,517)
2014	(\$13,259,070)
2015	(\$9,985,148)
2016	(\$7,336,004)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>
2012	(\$10,417,785)
2013	(\$18,685,517)
2014	(\$13,259,070)
2015	(\$9,985,148)
2016	(\$7,336,004)

**Fiscal Analysis**

This bill establishes a pilot program during the 2010-11 and 2011-12 academic years that expands the award of TEXAS Grants at certain institutions offering "extensive baccalaureate degree program options" that have, in the determination of the HECB, "sufficient facilities, infrastructure, and faculty to serve additional students."

The HECB is directed to establish a list of institutions meeting these requirements. While the bill could direct the HECB to reallocate funding from other institutions to fund this pilot program, this fiscal note assumes that the pilot program will be funded through additional general revenue allocated to one of the two existing programs identified as a funding source within the bill text. Because the bill specifies that students who receive TEXAS Grants under this pilot program are eligible for renewal in

the general TEXAS Grant program after the pilot ceases, the renewal costs for these students are also included in the cost estimate for this bill.

### **Methodology**

To determine the cost of this bill, HECB was asked to identify the potential institutions that it would identify as meeting the criteria set for underutilized campuses and determining the number of entering students in academic year 2010-11 who were eligible for TEXAS Grants under statute and HECB rule but did not receive the award. HECB was also asked to identify the per student cost of each award as well as the likelihood students would retain the award during the remainder of their education.

HECB identified four institutions as meeting the criteria established in the bill. In academic year 2010-11 there were 1,935 students who met statutory requirements and HECB rules. Of the eligible population, 290 received TEXAS Grants while 1,645 students did not. The award amount for academic year 2011-12 was assumed to be \$6,333 per student, increasing to \$7,968 per student in academic year 2015-16.

The cost estimate in this fiscal note assumes that the pilot program only runs for the two academic years specified in the bill. No increase in enrollment at the institutions is modelled. Statewide historical attrition rates are assumed. The award of renewal grants to all eligible pilot program participants is assumed.

### **Local Government Impact**

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

**Source Agencies:** 781 Higher Education Coordinating Board

**LBB Staff:** JOB, KK, RT, GO, GP