

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 25, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB2910 by Branch (Relating to agreements between the Texas Higher Education Coordinating Board and certain organizations for increasing degree completion rates.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2910, As Passed 2nd House: a negative impact of (\$280,000) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	(\$280,000)
2014	(\$280,000)
2015	(\$280,000)
2016	(\$280,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2012	\$0
2013	(\$280,000)
2014	(\$280,000)
2015	(\$280,000)
2016	(\$280,000)

Fiscal Analysis

Under provisions of the bill, the Higher Education Coordinating Board could, in partnership with institutions of higher education, enter into an agreement with a non-profit organization to assist the Board in identifying and implementing effective methods for increasing degree completion rates at institutions of higher education. The bill identifies certain areas that would be examined. The Board could also establish a grant program to fund projects relating to the improvement of degree completion rates.

The bill also creates the Texas Science, Technology, Engineering, and Mathematics Challenge Scholarship Program. The program would be administered by the Higher Education Coordinating Board. The bill establishes eligibility requirements for students and institutions. Under provisions of

the bill, certain public and private two year institutions would enter into partnerships with businesses and industry to identify local employment needs in STEM fields and provide part-time employment for students enrolled in a STEM program. Under provisions of the bill, subject to available funding, the Board would award scholarships, with at least 50 percent of the amount awarded from private funds.

Methodology

Although not similar to the proposed degree completion program in terms of grants to institutions, an example of a program tied to increasing degree completion is a recent program started by the Higher Education Coordinating Board that targets students that have stopped going to institutions that had at least 45 semester credit hours to return to complete a baccalaureate degree. The agency is using \$500,000 in federal grants to develop a web portal that includes a transcript audit system, marketing, and evaluation.

For purposes of calculating the estimate on the STEM program, the following information and assumptions were used to calculate an estimate of the cost associated with the program. The Higher Education Coordinating Board provided information that in fall 2010, there were 77 2-year college campuses that reported students with STEM majors. The STEM programs included academic and technical/technical preparation. There were 14,000 students enrolled in technical/technical preparation courses at 60 campuses and 17,000 students enrolled in the academic programs. For purposes of this fiscal note only the technical preparation students were considered. It is further assumed that when other requirements in the bill are taken into account, 2% percent of these students would receive a scholarship. For purposes of this fiscal note it is assumed the scholarship amount would be \$2,000 which is comparable to the TEXAS Grant amount at a community college. This would result in a total cost of \$560,000 per year. It is assumed that businesses would provide a 50% match resulting in a state cost of \$280,000 per year. It is also assumed that a year would be needed to set up arrangements with businesses regarding the program, therefore costs associated with the new program would begin in fiscal year 2013.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, GO, KK, RT