

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 19, 2011

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

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

IN RE: SB32 by Zaffirini (Relating to the consolidation of related higher education programs governing tuition, fee exemptions, and waivers respective to specific target populations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB32, As Introduced: a negative impact of (\$534,464) 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	(\$292,614)
2013	(\$241,850)
2014	(\$242,350)
2015	(\$242,850)
2016	(\$243,350)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2011
2012	(\$292,614)	4.0
2013	(\$241,850)	4.0
2014	(\$242,350)	4.0
2015	(\$242,850)	4.0
2016	(\$243,350)	4.0

Fiscal Year	Change in Number of State Employees from FY 2011
2012	4.0
2013	4.0
2014	4.0
2015	4.0
2016	4.0

Fiscal Analysis

The bill would consolidate all tuition exemptions and waivers into one chapter of the Texas Education Code and would amend statutory provisions governing tuition, fee exemptions, and waivers respective to specific target populations in higher education. The bill would also add uniform definitions, common general provisions on benefits and limitations, qualifications for initial and ongoing eligibility, maintenance requirements, desired outcomes, and clarify which program is optional or mandatory and reimbursed or unreimbursed.

The bill would authorize the Texas Higher Education Coordinating Board (THECB) to impose time limitations on the number of semesters a person may receive a benefit provided this Act. The bill would require the THECB to post information regarding all tuition and fee waivers, exemptions and other benefits on the same page within the agency's website. The THECB would be required to include tuition exemptions and waivers in biennial cost of attendance study and conduct an annual performance evaluation of each benefit that grants more than \$1million in tuition and fee benefits. The bill also requires that the THECB allocate appropriations to each junior college in an amount equal to the total of all tuition and fees foregone as a result of required tuition and fee exemptions in Sections 54.301, 54.331, 54.341, 54.343, 54.352, 54.353, 54.3531, and 54.364.

There are no anticipated costs to institutions of higher education. Although the bill would require the institutions to designate a campus representative to administer all benefits in the Act, various benefit programs are also increased or decreased, which represent institutional costs/savings and would generally offset each other.

Methodology

The THECB has indicated there will be additional costs for staff and computer resources to accomplish the assigned duties in the bill with respect to the 40 Exemption and Waiver programs. They estimate that a minimum of three additional staff members would be required to accomplish the passage of rules and procedures for awarding benefits and to adequately administer the exemption and waiver programs.

The bill also requires the creation and collection of annual student-by-student reports for exemption and waiver recipients, as well as in-depth analysis of programs whose value of foregone tuition and fees exceed \$1 million. Since 24 different exemption and waiver programs met this criteria in 2009, the THECB estimates that an additional staff member would also be needed to handle the reporting requirements.

The THECB indicates they would incur additional personnel costs for three FTES to administer all benefits programs and one FTE for reporting and database tracking. They estimate salaries and wages for four FTES at \$165,436, other costs at \$73,088, and employee benefits at \$ 46,090 totaling \$284,614 in fiscal year 2012, dropping to \$239,650 per year for fiscal year 2013 through fiscal year 2015. Technical support costs are estimated at \$8,000 in fiscal year 2012, and \$2,200 in fiscal year 2013, increasing by \$500 per year thereafter.

Technology

According to the THECB, additional programming will be needed to create and maintain a student-by-student database for the exemption and waiver programs. An estimated 250 hours of IT time, including business analysis, application design and development, new report development, and user acceptance testing. The total personnel cost in the first year is approximately \$7,500. After the first year, 40 hours of staff time per year is expected, for an annual cost of \$1,200. Storage costs are estimated to be \$500 in the first year, increasing by \$500 per year thereafter as new data is added to cumulative information.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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