

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 22, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2755** by Branch (relating to student financial assistance for certain students of WGU Texas or similar online nonprofit colleges or universities.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2755, Committee Report 1st House, Substituted: a negative impact of (\$675,000) through the biennium ending August 31, 2015.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$337,500)
2015	(\$337,500)
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2014	(\$337,500)
2015	(\$337,500)
2016	\$0
2017	\$0
2018	\$0

Fiscal Analysis

Under provisions of the bill, the Higher Education Coordinating Board (Board) would be required to provide student financial assistance grants during the 2013-14 and 2014-15 academic years for certain students enrolled at WGU Texas or a similar online nonprofit colleges or universities. The amount of a grant awarded to a student could not exceed the lesser of the maximum annual

amount of a tuition equalization grant paid to a student or the amount of the differences between the tuition charged to the student by the college or university in which the student is enrolled for that academic year; and the average tuition charged to a similarly situated student by a general academic teaching institution for that academic year, as determined by the Board. The bill includes specific eligibility requirements for the grant.

The bill would require the Board to conduct a study regarding, and prepare proposed draft legislation for, the creation of a state funded-student financial assistance program that would be available only to students of non-profit, tax-exempt, regionally accredited universities or colleges domiciled in the state that offer competency-based, exclusively online or other distance education and under which the highest priority is given to awarding grants to those eligible students who demonstrate the greatest financial need. The Board would submit the results of the study to each standing committee of the legislature with primary jurisdiction of higher education by October 1, 2014.

Methodology

Based on information provided by the Higher Education Coordinating Board (Board), 375 students attending WGU Texas would qualify for the need based award. The Board also estimates that the average award would be \$900 per student in each year of the biennium. Based on these assumptions, the general revenue costs associated with the program would be \$337,500 in fiscal year 2014 and \$337,500 in fiscal year 2015 to cover the two academic years specified in the bill.

Any costs associated with the study would be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: UP, KK, SK, GO