

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 26, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2829** by Howard (relating to the applicability of the TEXAS grant program to institutions of higher education.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill are indeterminate, due to data limitations for the potential population and associated renewal rates, award amounts, increased funding for the program and transfer of funding between financial aid strategies. The bill is estimated to have probable General Revenue savings in the range of \$20 million to \$30 million per year for the 2014-15 biennium. Included below is information regarding the estimated fiscal implication.

The bill amends various sections of the Education Code as it relates to the TEXAS Grant program. The bill changes TEXAS Grant eligibility from students seeking an undergraduate degree or certificate to students seeking a baccalaureate degree and removes 2-year colleges from eligibility for TEXAS grant funding. The bill would require the Higher Education Coordinating Board to allocate the TEXAS grant funding "proportionally" among the remaining eligible institutions. Under provisions of the bill, a community college student could still receive a TEXAS Grant in fiscal year 2014 and subsequent renewal recipients in fiscal year 2015 would also receive TEXAS Grants. Beginning in fiscal year 2015, new community college students would not be eligible for TEXAS Grants

Based on information provided by the Higher Education Coordinating Board, in fiscal year 2012 and fiscal year 2013, approximately \$30 million each year was awarded to students attending 2-year institutions. Included in this amount was funding for initial and renewal awards. Using the 2013 funding amount for initial awards as a basis, an estimated \$20.7 million in general revenue would be saved beginning in fiscal year 2015. Savings generated by the bill could be reduced if the appropriation level for the program is not modified and the agency employs its existing statutory discretion to increase the current award amount of \$5,000 at four year institutions, to transfer funding to the Texas Education Opportunity Grant program (which supports community college students), or to make grants at the existing level of funding available to more students at four-year institutions.

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

LBB Staff: UP, KK, SK, GO, GP